

Holiday Park Homeowners Association

Resident Handbook Rules and Regulations

Revised 06/2007

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IMPORTANT INFORMATION

COMMUNITY ADDRESS: 3938 Peggy Road Rio Rancho, NM

EMERGENCY: Dial "9-1-1"

MANAGEMENT COMPANY: Kearney & Son, LLC
3408 Ann Circle
Rio Rancho, N.M. 87124
(505) 401-3528
Richard C. Kearney

FIRE DEPARTMENT: Dial "9-1 -1 for Emergency Response
Non Emergency: 505-891-7226
2810 Southern Blvd SE Rio Rancho, NM 87124

POLICE DEPARTMENT: Dial "9-1-1" for Emergency Response
Non Emergency: 891-7226
500 Quantum Rd. Rio Rancho, NM 87124

HOSPITALS/MEDICAL: Dial "9-1-1" for Emergency Response

LIBRARY 755 Loma Colorado Rio Rancho, NM 87124
891-5013

PUBLIC SCHOOL: Rio Rancho Public Schools
500 Laser Rd
Rio Rancho, NM 87124
896-0667

POST OFFICE: 900 Pinetree Road
Rio Rancho, NM 87124

ANIMAL CONTROL: 3441 Northern Blvd NE
891-7237

ELECTRICITY/GAS: PNM 246-5700

TELEPHONE: Qwest; 1-800-244-1111

REFUSE: Waste Management: 2300 Grande Blvd. SE, Rio Rancho
892-1200

CABLE TV Cable-One
1117 Rio Rancho BLVD Rio Rancho NM 87124
892-5114

EMERGENCY PREPAREDNESS

Upon taking occupancy, every Owner or resident should set aside time to walk around and familiarize yourself with your new residence, and the Association's grounds. This will enable you to become a more informed Owner or resident with the emergency equipment, water and electrical devices. Be certain, when first moving in to test your smoke detector to make certain it is in proper working order, and locate your fire extinguisher.

EMERGENCY NUMBER FOR FIRE. POLICE AND PARAMEDICS IS 9-1-1.

1. Upon hearing the smoke detector DO NOT PANIC! If the smoke detector is emitting short chirps and no smoke is visible, this is an indication of a malfunction.
2. If the smoke detector is emitting a constant loud alarm signal, exit the residence immediately. Go to a neighbors' residence and call 911. When speaking with the 911 operator, give the address that you are calling from and also your address where the alarm is origination from.

WATER SHUT-OFF LOCATIONS

It is important that each family member be aware of the location of the water shut-off valve for your home. We recommend that you periodically test them to make sure they are functional.

The main water shut off valve for your home is located in the bathroom closest to the front of your home, underneath the sink.

If this valve does not shut the water off in your home, you should call a plumber to repair it. In this event, it will be necessary to shut-off water to the entire building. You or your plumber should contact the Association four days in advance of the scheduled shut-off so we can assist you in scheduling the shut-off with the other homeowners in your building.

INTRODUCTION

This handbook has been compiled for you by our Association to outline the operation procedures of the Association and to provide other information about your Association's Property. The purpose of your Association is to protect, maintain and enhance the HOLIDAY PARK HOMEOWNER ASSOCIATIONS' Property while making association living a pleasant experience for everyone.

The Association concept is a device for engaging able people to manage the Community's assets. The advantage of a planned development is that the authority, as well as the responsibility for maintaining the Property, is retained by those with invested interest in the Community's welfare- the *Property Owners*.

Living in a planned development can be a happy and rewarding experience. A planned development helps ensure that the original planning concepts and design that went into creating the Community are preserved, protected, maintained and enhanced.

EVERYONE BENEFITS FROM AN EFFECTIVE ASSOCIATION

Each Owner should have received a copy of the Homeowners Declaration, Articles of Incorporation and Bylaws, generically together referred to as the Covenants, Conditions and Restrictions (CC&R's) for the HOLIDAY PARK HOMEOWNERS ASSOCIATION, which are the governing documents along with the Rules and Regulations and the Architectural Guidelines, which are periodically updated and distributed by your Board. Please become completely familiar with these publications, since they set forth in detail, the rights, duties and obligations of each Owner; and they, not this Handbook are the official documents which cover these rights. These Rules and Regulations and the architectural guidelines supplement the CC&R's, and in case of conflict, the CC&R's shall prevail.

PLEASE READ THIS INFORMATION CAREFULLY AND BE CERTAIN THAT YOUR FAMILY, GUESTS AND TENANTS UNDERSTAND THE RULES AND REGULATIONS ENTIRELY. If there are any questions or if you do not have copies of the Association's documents, please contact the Management Company in writing.

In order to maintain a responsible and successful Community, the governing documents must be observed. They insure the enjoyment of your Community and the continuing appreciation of your individual investments.

We trust that your knowledge of this information will enhance your daily enjoyment of home at HOLIDAY PARK.

Thank you for your consideration and cooperation.

GENERAL INFORMATION

Each Owner is a member of the HOLIDAY PARK HOMEOWNERS ASSOCIATION, and Owner participation is both necessary and encouraged. Residential responsibility, cooperation and action have many rewards. One is that the quality of the Community is preserved, maintained and enhanced.

The purpose of our Condominium Association is to maintain, repair, replace and/or care for the Property and assets of HOLIDAY PARK for the mutual benefit of all Owners. Your cooperation is essential in order to accomplish these purposes; and common sense and consideration for your neighbors are the keys to its success.

ASSOCIATION OPERATION

BOARD OF DIRECTORS

The Association is governed by a Board of Directors which is responsible for the operation, maintenance and enhancement of the Association. The Board of Directors consists of four (4) individuals elected by you. Board Members must be members not subject to any kind of suspension. Board Members are elected to a staggered three (3) year term. If any Owner wishes to be nominated for election to the Board, the member shall submit their names to the Board by the first (1st) day of May each year.

MANAGEMENT COMPANY

The Board of Directors has chosen a Management Company to handle the day to day operation of the Association. Board Members may be contacted in writing through the Management Company.

SEMI-ANNUAL MEETING OF UNIT OWNERS

The Association holds general membership meetings twice a year. These meetings will take place on the first Wednesday in January and June of each year. Owners will be notified in writing in advance of the Annual Meeting. Notice is mailed to each Owner of record to the address of each Residence, or to the mailing address designated in writing by any Owner. Attendance at the meeting in person or by proxy is critical to the operation of the Association. In order to conduct official business at an Annual Meeting, a quorum of Owners must be present in person or proxy. A quorum is present when 20%, Unit Owners are present. Annual operation budgets are ratified at this meeting, and an update on the status of the Association is provided.

BOARD OF DIRECTORS MEETINGS

The Board of Directors meets quarterly. Board Meetings are open to the homeowners. If any homeowner wishes to have an issue considered at a Board Meeting, the matter should be submitted in writing to the Management Agent a minimum of five days in advance of the meeting. Contact the Management Agent for the date and location of the next Board Meeting.

FINANCIAL STATEMENTS OF THE ASSOCIATION

A copy of the financial statements of the Association may also be obtained by contacting the Management Company in writing. They may also be reviewed in the office of the Management Company during regular business hours.

ASSOCIATION PROPERTY PROBLEMS

To report non-emergency problems related to the Association Property, please contact the Management Company.

In the event of an EMERGENCY, dial 9-1-1 for immediate assistance. If the emergency situation is one which involves the Association Property, please report the incident, as soon as possible, to Management Company's emergency number.

HOW TO BE ACTIVE IN YOUR COMMUNITY

Homeowner participation in HOLIDAY PARK is essential to a healthy community. How can you participate?

- Get to know your neighbors.
- Consider running for a position on the Board.
- Read all Association material and newsletters. Review financial information and budgets you receive.
- Be sure to attend annual and special meetings, in person if possible, and by proxy if not.
- Contact the Management Company in writing if there is an issue you feel needs to be addressed. Letters from Owners are presented to the Board.
- Report problems to the Management Company promptly and accurately.
- Attend a Board Meeting or two.
- If Committees are formed, consider serving.
- Be active in a Neighborhood Watch.

MAIL DELIVERY

Holiday Park has groups of community mail boxes. These mail boxes are called Neighborhood Box Units (NBU's). They are the property of the U.S. Post Master. Please contact the local post office to obtain information regarding which box belongs to your home, request keys, or report malfunctions with your box.

ASSESSMENTS

Each Owner of any Residential Unit has agreed to pay on time to the Association all regular and special assessments levied by the Association for the maintenance, repair, operation and improvement of the Association Property. Regular assessments are called Association Fee payments, and are due in periodic installments of quarterly, semi-annually or annually. The Board must be given notice of your choice in writing no later than (30) thirty days prior to the annual due date. These fees are collected to pay the operating expenses of our Association, and to build reserves for the eventual replacement of Association property. Prompt payment of Association Fees is appreciated so the Association can pay its bills in a timely fashion.

Assessments cover the following expenses: maintenance and repair of the streets and drives, common landscaping, signage, sidewalks, common area lighting fixtures, common area electricity for lights/irrigation, insurance (fire, liability, d&o), management...

ASSOCIATION FEE PAYMENTS

Regular assessments are called Association Fee payments, and are due in periodic installments of quarterly, semi-annually or annually. The Board must be given notice of your choice in writing no later than (30) thirty days prior to their annual due date. Fees should be remitted by check or money order payable to Holiday Park Homeowners Association. Payments should be sent by mail to the Management Company.

The Association may also offer homeowners the option of having their payment automatically drafted out of their account. If you sign-up for this option, please remember, you are responsible for contacting the Association in writing to terminate this service in the event of optional termination or sale of your unit at Holiday Park.

LATE CHARGES & INTEREST

Association fee payments are considered late if not received on or before the 1st day of the period they are covering. Such assessment shall, together with interest at the rate of 10% per annum thereon and costs of collection, including reasonable attorney's fees, become delinquent and constitute a continuing lien upon the lot against which the assessment was levied

NON SUFFICIENT FUNDS CHECKS (NSF)

A twenty-five dollar (\$25) service charge will be applied to accounts after the return of a check for NSF, plus late charges where applicable. If two (2) NSF checks are received, checks will no longer be an acceptable form of payment for that account. Should this occur, the Owner is asked to make all future remittance by money order or cashier's check.

FINES

The Association may, after notice and an opportunity to be heard, levy fines against unit owners for violation of these Rules & Regulations and the CC&R's.

COLLECTION OF DELINQUENT FEES

Collections will be initiated once Association Fees are past due. Legal fees and administrative fees associated with collections are assessed against the delinquent account

LIENS

The Association has a lien on a unit for any assessment levied against that unit or fines imposed against its unit owner from the time the assessment or fine becomes due. The term "assessment" includes all fees, charges, late charges, fines and interest. An Association lien may be foreclosed in a like manner as a mortgage.

INSURANCE

The Association provides the types of insurance required by the Bylaws. All insurance policies (or certificates) shall be retained by the Association and are open for inspection by Owners

during regular business hours. Copies of certificates may be obtained by an Owner, or Owner's Mortgagee, from the Association, or insurance agent of the Association.

The Association shall procure and maintain a policy or policies of the following: 1) all-perils casualty insurance for all parts of the Common Areas within the Property, except those areas which are normally excluded from such coverage, 2) Public Liability Insurance, insuring the Association, members of the Board, agents and employees of the Association, and the Owners against all liability to the public or to any of the persons mentioned immediately above. 3) Workmen's Compensation insurance to the extent necessary to comply with any applicable law. Owners of individual lots shall be responsible for procuring and maintaining a policy of all-perils casualty insurance for property damage covering all improvements with and upon the Owners Lot, except those areas which are normally excluded from such coverage, such as land, foundations, and excavation, but including all portions of party walls and party fences which support the improvements upon the Owner's Lot or which border the Owner's Lot.

Each Owner is responsible to pay the premiums for insurance covering their Unit. The Association encourages Owners to contact the Association's insurance agent before placing coverage on Units to assure maximum protection between the Association and Unit Owner policies.

Losses caused by failure of items within the homeowners unit that cause damage to their unit and or that of their neighbors will not be covered by the Association's Master policy.

Any insurance loss should be promptly reported to the Association through the Management Company, and to the Owner's insurance agent.

ADDITIONS, ALTERATIONS OR IMPROVEMENTS -BOARD REVIEW

Living in a planned community such as Holiday Park offers many privileges. It also involves certain restrictions. In order to preserve the value, desirability, attractiveness and architectural integrity of Holiday Park, restrictions are placed on changes to the community.

Pursuant to the CC & R's Article III , Section 4, no alteration or addition to or repainting of the exterior of any home shall be made unless it shall first be approved in writing by the Architectural Control committee and any such alterations and additions shall conform in architecture, material and color to the dwelling as originally constructed upon the Lot.

These areas also include common area (landscaping, building walls, roofs) and limited common areas (balconies and porches).

The purpose of this approval process is not to restrict individual creativity or personal preferences, but rather to assure the overall continuity of design in an attempt to preserve and improve the appearance of your neighborhood and the Holiday Park community.

BEFORE BEGINNING ANY ADDITION, ALTERATION OR IMPROVEMENT:

- The Owner needs to check with the Management Company to determine whether a submittal of a Request for Design Approval is Board is required.
- If your improvement plans are required to be submitted to the Board, you must file a Request for Design Approval application with the Board. Any alterations requiring approval by the City of Rio Rancho should be submitted to the appropriate Division of the City of Rio Rancho prior to any ACC Committee application. Failure to obtain the approval of the Board when required will constitute a violation of the CC&R's and may require modification or removal of unauthorized work or improvements at the Owner's expense.
- Unless a written Guideline has been issued, a Request for Design Approval must be submitted, even if the identical improvement may have been previously approved for a neighboring property owner. During an evaluation of a Request, the Board must consider the characteristics of the Residential Unit and the individual site on a case by case basis. Furthermore, in making its decisions, the Board may be called upon to consider and balance conflicting interests of parties who would be impacted by such decisions.
- The Architectural Control Committee has thirty days from receipt in which to consider a written Request from an Owner.
- Once a Request for an improvement has been approved by the Board, the plans must be followed as approved if constructed. Any modification to the approved plans must receive Board approval prior to construction.
- The Board is not responsible for approving the means nor methods of the installation or construction of any improvement. This is the sole responsibility of the individual Owner. After approval from the Board and prior to beginning any construction, the individual Owner must locate all existing below grade utility lines, such as gas and water (if applicable).
- Upon completion of the approved work, the Owner shall submit to the Architectural Control Committee a Notice of Completion within two weeks of completion. This allows the Association the opportunity to inspect the improvement for compliance with the approved Request and submitted plans.
- Forms for submission of Requests for Design Approval can be obtained from the Management Company.

GUIDELINES

The Association may adopt Guidelines that define the standards acceptable for treatments of specific improvements. A copy of the Guidelines can be obtained from the Management Company. In cases where a Guideline has been issued for an improvement, the Owner may proceed with the work without submitting a Request for Design Approval, as long as the Guideline is followed exactly.

Should the Owner desire any deviations from the Guideline, a formal Request for Design Approval must be submitted in accordance with the policy above.

Upon completion of the improvement in accordance with the Guideline, within two weeks the Owner shall submit to the Board a Notice of Completion. This allows the Association the opportunity to inspect the improvement.

In the event an owner is cited for non compliance of a repair issue, the owner will be granted 30 days to complete the necessary repairs, (weather permitting).

If an owner is making changes to a party wall, he/she will be responsible for the entire party wall.

Satellite Dishes:

- Satellite dishes may be installed on the roof, parapet, building walls. Satellite dishes may be attached to concrete patio slabs, walls or fences. No holes are to be made through the building walls for cabling.
- Satellite dishes MAY be mounted on a tripod or stand placed inside a balcony or patio. Satellite dishes may also be mounted on a roof-top tripod, on an appropriate pad to prevent damage to the roof surface. The cable may only be run down the fresh air supply for the hot water heater and may not be run along building parapets and or down outside walls.
- The tripod or stand shall be appropriately weighted.
- The Association prefers that the dish be as small as functionally possible and readily available. The Association prefers that the dish be gray.

Paint Colors:

Trim Paint: Lowes, American Tradition, "Cabin Plank 2011-10"

Stucco: El Rey Stucco – 122 Straw

Walls and Fences: If a property owner wishes to have a wall or fence installed, approval must be secured from the ACC prior to construction. As a guideline, fences should be no higher than 48" and must be constructed of stucco or wrought iron.

Exterior Lights: Homeowners may install light fixtures with or without motion/light sensor. The exterior light posts located within the planter boxes are the responsibility of the individual homeowner. These lights must be functional at all times.

Landscaping at Front Doors: Homeowners may plant any plant material in the ground outside of their enclosed patio area. If homeowners plan to have potted plants, then the pots must contain

living plant material during the growing season. Pots must be removed by the seller upon sale of their unit. Trellises are not permitted in the front planter.

Exterior Decorative Items: The Board of Directors reserves the right, on the basis of a majority Board vote, to require the removal of exterior objects that it finds inappropriate on behalf of the community. Birdfeeders shall not be placed on or in the common areas. Homeowners may have one birdfeeder in their patio area. Be aware however, that birdfeeders attract troublesome rodents. Birdfeeder areas must be kept clean and sanitary. Holiday lighting is allowed on the exterior of the unit for a period not to exceed forty five (45) days. Do not put bread scrapings outside as this can also attract rodents.

RULES AND REGULATIONS

ARTICLE I GENERAL INFORMATION

Section 1.1 - Introduction. Please read the Holiday Park Rules and Regulations carefully. The rules and regulations contained herein are issued by the Association Board as authorized by the Governing Documents of the Association (Articles of Incorporation, Declarations, Bylaws). This is a supplement to the Holiday Park Governing Documents. In the event of any conflict between these Rules and Regulations and the aforementioned documents, the provisions of the Governing Documents shall prevail. The Association also falls under the jurisdiction of the City of Rio Rancho, County of Sandoval, State of New Mexico, and all ordinances and codes apply.

Section 1.2 - Purpose of Rules and Regulations. The Rules and Regulations are intended as a guide for the conduct and activities of all Owners, tenants, residents and their guests. Each Owner or resident living within the Community and using the facilities is entitled to maximum enjoyment without annoyance or interference from others, subject to the governing documents.

Section 1.3 - Changes in Rules and Regulations. The Association Board may, in accordance with the Bylaws, alter, amend, revoke or add to these Rules and Regulations for the preservation of safety and order within the Community, for its care and cleanliness and for the protection of the Community's reputation. When notice of any such alteration, amendment, revocation or addition is given to any Owner or resident it shall have the same force and effect as if originally made a part of the Rules and Regulations.

Section 1.4 - Compliance with Rules and Regulations. All Owners, residents, tenants, and guests are required to abide by the provisions of the CC&R's, and the established Rules and Regulations. Owners are held responsible for the actions of the tenants, guests and other residents of their residence. **OWNERS MUST PROVIDE A COPY OF THE CC&R'S AND THESE RULES AND REGULATIONS TO THEIR TENANTS.** Homeowners must forward a signed affidavit stating renters have received and understand the community Rules and Regulations and CC&R's. Additional copies of any of the Association's documents are available

from the Management Company for a small fee. Anyone refusing to abide by these rules may face corrective action as decided by the Board. The Management Company acting on behalf of the Association has been instructed by the Board to require the compliance of persons on the HOLIDAY PARK HOMEOWNERS ASSOCIATION property with the provisions of the Rules and Regulations and the CC&R's.

Section 1.5 - Violations of the CC&R's and the Rules and Regulations: It is the right and duty of each resident to report violations in writing to the Board or its appropriate Committee through the Management Company. Indications of or actual violations will be brought to the attention of the Owner and resident in writing by the Management Company following the policies established by the Board.

Section 1.6 - Failure to Correct a Violation. Failure to correct a violation after notice and an opportunity to be heard, could subject an owner to legal fees, special assessment and fines. Further failure to correct a violation may cause legal action to be taken. All expenses incurred by the Association to correct the situation will be the responsibility of the Owner and they will be billed, and their Unit lien.

ARTICLE II ADMINISTRATIVE RULES

Section 2.1 - Consent in Writing. Any consent or approval required by these rules must be obtained in writing prior to undertaking the action to which it refers.

Section 2.2 – Complaint. Any formal complaint regarding the actions of other Owners/Residents, operation of the property, or Management, must be made in writing to the Association.

Section 2.3 - Complaints about Rules & Regulations Violations. The complaint must state (i) the name of the person making the complaint; (ii) the rule violation he or she wishes to complain about; (iii) the date and time of the violation; (iv) the address of the unit occupied by the violator. If the violator requests a hearing the person making the complaint may be called to address the issue to the Board of Directors.

Section 2.4 - Enforcement. Except in cases where damage or injury to persons or Property is imminent as a result of a violation of these Rules and Regulations, the Association will enforce the Rules and Regulations as follows:

- a) For a complaint of violation to be valid, it must either be (i) be received in writing from an Owner or resident, (ii) be reported by a member of the Board or Architectural Control Committee; or (iii) be observed by a Board authorized representative whose purpose is to enforce the Rules and Regulations.
- b) Notice of the reported violation shall be mailed to the alleged violator to the address of the Lot owned by such person, unless the Association has previously been notified in writing to use some other address.

- c) The violator shall be given thirty (30) days from the date of mailing to correct the violation.(weather permitting) or submit a plan of action to the Board of Directors.
- d) The Notice shall describe (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board of Directors; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice.
- e) Sanctions will be imposed as follows for violation of the same rule within a six month period:

1st Violation:	Written Warning
2nd Violation:	\$50.00 Fine
3rd Violation:	\$100.00 Fine.
4th+ Violation:	\$200.00 Fine, and legal action if authorized by the Board. The prevailing party shall be entitled to recover costs and expenses, including reasonable attorney's fees.
- f) Hearings: If a hearing is requested within the allotted ten (10) day period, the hearing shall be held before the Board of Directors in executive session at the Boards earliest convenience. The alleged violator shall be given a reasonable opportunity to be heard. After a hearing, based on the circumstances, the Board may decide to reverse a notice of violation, or fine.

The Board may at its option, enforce any provision of these Rules and Regulations, by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) without the necessity of compliance with procedures set forth above.

Section 2.5 - Unit Information: Unit Owners shall provide the Association with current and updated information it requires to fulfill its obligations to the Unit Owners. This information includes.

- a) Names of occupants, telephone numbers, emergency contact information.
- b) A mailing address for notices if it is not the Unit address.

Section 2.6 - Unit Sales. The Unit Owner is obligated to inform the Association of the sale of any unit, along with the name and address of the purchaser. The outgoing Unit Owner should provide the purchaser with their coupon booklet. Copies of the Declaration and Bylaws shall be provided to the real estate agent or purchaser by the Title Company. The Association will provide one copy of the Resident Handbook to the real estate sales agent or purchaser. Additional copies and documents may be purchased from the Association.

ARTICLE III USE OF UNITS AFFECTING COMMON ELEMENTS

Section 3.1 - Occupancy Restrictions. Each Residential Unit shall be used for residential purposes only.

Section 3.2 - Commercial Use. Conducting a business of any kind on the premises is forbidden, unless approved in writing in advance by the Board of Directors. Approval of a home based business will be considered if it conforms to the following criteria:

- a) The use shall be merely incidental to the use of the Residential Unit as a residence and the operation of the business does not result in the violation of any applicable laws or of the provisions of the CC&R's.
- b) The business shall be operated solely within the Residential Unit.
- c) All activities shall be conducted in conformance with all applicable governing ordinances.
- d) The business is limited to arts and crafts or the rendition of professional services or other similar activities.
- e) The business is operated by the Owner of the Residential Unit whose principal residence is the Residential Unit, by a tenant whose principal residence is the Residential Unit or by a member of such Owner's or tenant's family whose principal residence is the Residential Unit.
- f) The use shall not generate any unreasonable increase in the flow of vehicular or pedestrian traffic in excess of that which is normally associated with residential use, and shall not create parking problems within the Community.
- g) The existence or operation of such activities must not create any odor, noise or vibration inside or outside the Residential Unit, hazardous waste, or increased consumption of water/sewer/ refuse.
- h) No part of the Association Property shall be used or caused, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or other such non-residential purpose. The use shall be consistent with the residential character of the Community.
- i) Approval through the City of Rio Rancho
- j) No other use shall be allowed except as specifically permitted by a local ordinance.

Section 3.3 - Alterations, Additions or Improvements. No Owner, resident, tenant or any other occupant may make any structural additions, alterations or improvements in or to any Unit, including the interior of any unit, backyards, patios or balcony without the written approval of the Board. This includes painting doors or windows. An application for the alteration should be

submitted to the Board through the Management Company. The Board has thirty days to consider such a request and either grant or deny approval.

Section 3.4 - Storage of Household Chemicals. Use, storage and/or disposal of pesticides, fungicides, herbicides, insecticides, fertilizers and other chemical treatments shall meet Federal, State, County and City requirements for household use as prescribed on their respective containers.

Section 3.5 - Maintenance of the Unit by the Unit Owner. Each Owner shall have the sole obligation for maintaining and repairing the Owner's Residential Unit and the fixtures, equipment, and appliances designed to benefit/support solely his unit, whether located in his unit or not (i.e. rooftop heating/cooling equipment). Each Owner shall maintain and repair in a first class condition and otherwise care for the maintenance, repair and replacement of all portions of the Owner's Residential Unit, including the drywalls, wall and floor coverings, hot water heaters, heating and cooling equipment, ranges, kitchen and bathroom plumbing fixtures, cabinets, floor coverings, dishwashers, refrigerators, washing machines, dryers, windows, unit entry doors, and roofs. All improvements shall be maintained in a manner as shall be deemed necessary in the judgment of the Board to preserve the attractive appearance thereof, protect the value of the Residential Unit and the overall value of the Community. Any such maintenance, repair or replacement of any of the foregoing which is visible from outside of a Residential Unit shall be consistent with the existing design, aesthetics and architecture of the Project and shall be approved in advance in writing by the Board. It is advisable to change the hoses to washer/dryer appliances every 5 years and to turn off valves when machines are not in use.

Section 3.6 - Failure to Maintain. Each Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from the failure to make necessary repairs. To reduce the risk of fire and flooding to other units, as a preventative measure, it is recommended that:

- a) Have their wood burning fireplace chimneys and fireboxes inspected and cleaned as often as necessary to prevent creosote build-up;
- b) Replace the unit hot water heater when the heater is more than fifteen (15) years old.
- c) Replace the battery in their smoke detectors on a semi-annual basis. Usually at day-light savings time. Insure that their fire extinguishers are operational.

Section 3.7 - Water Waste. Owners shall keep their plumbing fixtures in good repair and condition so as to prevent water waste.

Section 3.8 - Loss Prevention. Each Owner shall make themselves and their occupants aware of the locations of the shut-off for water, gas and electricity serving their unit. Owners shall be responsible for making sure their fire extinguisher and smoke detector are in fully operational order. Dryers shall have lint traps to prevent lint from accumulating in duct work, and stove fans shall have grease traps. Traps shall be cleaned as often as necessary. Water supply hoses to washing machines shall be turned off between uses, and checked periodically to assure they are in good condition. Toilet water supply hoses shall be checked periodically to assure they are in good condition. Barbecue grills shall be used carefully within a patio or

balcony area only, and under the constant supervision of a responsible party. Ashes and coals shall be disposed of properly and not in the common areas.

Section 3.9 – Drainage. Each Owner shall have the duty and obligation to maintain the drainage situated within any Residential Unit free of debris and any other material which may impede the flow of water.

Section 3.10 - Rentals. An Owner who leases or rents its Residential Unit to any person or entity shall be responsible for assuring that the lessee or renter comply with the CC&R's, Bylaws, and Rules and Regulations, including all easements, reservations, assessments, liens and charges created in accordance with the CC&R's and as amended and supplemented from time to time.

- a) Each Owner is entitled to lease or rent the Owners entire Townhouse, provided that all such leases or rentals must be in writing, and provide that the lease or rental is subject in all respects to the provisions of these Rules and Regulations and CC&R's, and any amendments thereto governing the Association.
- b) No short-term leases or rentals of less than 6 months are allowed.
- c) No Owner may lease a Townhouse to a greater number of individuals than would be permitted to occupy the Residential Unit under applicable law.
- d) ALL OWNERS MUST PROVIDE THEIR TENANTS WITH A COPY OF THE RULES AND REGULATIONS AND MUST REQUIRE THAT ALL TENANTS COMPLY WITH THESE RULES & REGULATIONS AND THE CC&R's.
- e) Owners are held responsible for the actions and behavior of their tenants and guests and are financially liable for damage to the Association Property, equipment, and for violations of the CC&R's and Rules and Regulations. Leases must indicate that failure of the lessee or renter to comply with the provisions of each such document constitutes a default under the lease and/or rental agreement.
- f) OWNERS MUST PROVIDE THE ASSOCIATION WITH A COPY OF CONTACT NAMES and TELEPHONE NUMBERS OF THE TENANT.

ARTICLE IV USE OF COMMON ELEMENTS

Section 4.1 - Proper Use of Common Elements. No activity is permitted which would damage or deface the grounds, walkways, and improvements in the Association Property. This includes the destruction of grass, shrubs, trees, sprinklers, light fixtures, walls, etc. Individuals who are responsible for such damage to the Association's property will be expected to fully reimburse the Association for all expenses incurred in the replacement or restoration of damaged items or property caused by themselves, members of their families, their guests, tenants, pets, contractors, sub-contractors, etc. **Owners are held responsible for the actions of their tenants**

and guests and may be assessed monetary fines for their violations of the Rules and Regulations.

Section 4.2 - Association Property. Association Property equipment, i.e., time clocks, watering systems, etc., are to be adjusted and set by authorized personnel only, to avoid breakage, and not by residents. Your Association employs a property management consultant whose duties are to operate, control and maintain the Association's Common Area, landscaping, sprinklers and outdoor lighting. *Any problems with Association Common Area should be reported to the Property Management Company.* Owners, residents and tenants shall not alter any landscaped areas surrounding such Owner's Residential Unit, which are Association Common Property to be maintained by the Association.

Section 4.3 - Association Maintenance/Repair/Utility Responsibilities. As per the CC&R's the Association shall have no responsibility to maintain, repair or replace any portion of any Residential Unit. The Association shall maintain and repair the roadways, sidewalks, and common area lighting, and common landscaping.

Section 4.4 - Storage. Storage of materials such as barbecue grills, bicycles, etc. in common elements is prohibited. These items shall be stored in the Owner's patio area.

ARTICLE V ACTION OF OWNERS AND OCCUPANTS

Section 5.1 - Annoyance or Nuisance. No noxious, offensive, dangerous or unsafe activity will be carried on or in any unit, the common elements, or the limited common elements, nor will anything be done therein either willfully or negligently, which may be or become an annoyance to the other unit owners or occupants. No unit owner or occupant will make or permit any disturbing noises by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything to be done by such persons that will make, continue to make or cause to be made, any loud or unusual noise which either annoys, disturbs, injures or endangers the comfort, repose, health, peace or safety of others.

Section 5.2 - Noise. Nothing shall be done that disrupts the community's tranquility or interferes with the quiet enjoyment of other occupants. Radios, stereos, televisions, musical instruments, party activities, car horns, repeated false alarms from car alarms and other noise sources must be restricted at all times, to a level that is not disturbing to other residents. If such sound can be heard by persons of normal sensitivity within other units with doors and windows closed, and air handling systems on, it will be considered too loud. Any activity which constitutes disturbing the peace or creating a public nuisance, as determined by the Association Board, is prohibited. Residents are requested to respect the right of peaceful enjoyment of the community for all occupants.

- a) Headsets for stereos are suggested, and the Association requests that speakers be placed on a sheet of Styrofoam or on folded towels. Please do not place speakers on the wall adjoining a neighbors home, or on an uncarpeted floor.

- b) The Association requests that TVs, radios, and stereos and animal noise be kept at levels that will not disturb neighbors.
- c) The felt pads installed on cabinet doors and drawers are to be replaced by the Owner as needed.
- d) Noise disturbances are subject to interpretation under the City of Rio Rancho Noise Ordinance.
- e) Residents shall first contact their neighbor and inform them that a noise disturbance is being created.
- f) If the problem continues, violations may be reported, in writing, to the Board by any Owner or resident through the Management Company.
- g) Disturbances of the peace, such as loud parties or gatherings between the hours of 10:00PM and 7:00AM should be reported to the Rio Rancho Police Department, and then to the Management Company the next business day.
- h) If noise problems persist, the Association may, after notice and an opportunity to be heard, assess a fine(s) against the offending unit owner. Units' owners and the Association may seek additional relief by court actions, with the prevailing party receiving its attorney fees.
- i) Please be considerate of those living close to you and keep noise levels as low as possible.

Section 5.3 - Clotheslines. No exterior clothesline shall be erected or maintained within the community and there shall be no exterior drying or laundering of clothes.

Section 5.4 - Signs. No advertising signs of any kind are allowed within the common areas. Signs within the owners property are allowed, but only one of not more than five square feet "For Rent" or "For Sale" sign per Lot, shall be erected, placed or permitted to remain on the Properties whatsoever without the advance written permission of the Board, including without limitation, commercial, political and similar signs, shall be erected or maintained within the Project except: (a) such signs as may be required by legal proceedings; (b) residential address identification signs, subject to the approval of the Association Board as to suitability; (c) signs posted by the Association to disseminate information to Residents; d) alarm or security company decals affixed to a front door or window; e) Address identification numbers/letters shall be 4" in height and visible from the street. This is in Accordance with the National Fire Protection Association Standards and Uniform Fire Code.

Section 5.5 - Railings and Tops of Walls. Items (including potted plants) may be placed over or upon any railing of any fence, or top of any wall. Homeowners are however cautioned

that strong winds exist at Holiday Park and the homeowner is liable for any damage caused by objects that fall from railings or walls. Temporary decorative seasonal banners are allowed for period not to exceed two weeks at a time.

Section 5.6 - Window Coverings. Temporary window coverings in a design and color that does not conflict with the surrounding Improvements (but excluding aluminum foil, newspapers, or any other contrasting material) shall be permitted for a maximum period of sixty (60) days from the date of the closing of the purchase of a unit. All window covering (including Temporary Window Coverings) shall be of a neutral color harmonious with and not in conflict with the color scheme of the exterior wall surface of the Condominium.

Section 5.7 - Patio's/Balconies. Non holiday related decorative electrical patio lighting (cafe lights) may be placed inside the patio.

Section 5.8 - Wind chimes. Wind chimes shall be permitted inside the unit patio/ balcony unless a written objection is received from a neighbor, in which case the wind chime must be removed immediately.

Section 5.9 - Sports Equipment. No basketball standards or fixed sports apparatus shall be attached to any Residence or an common area.

Section 5.10 - Pets. The original Bylaws state: "The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats, or caged birds) not to exceed one per Unit without the approval of the Board of Directors..."

- a) No more than two orderly small domestic pet is allowed per Unit (dog, cat, or caged bird). *This restriction may be enforced in instances where multiple complaints have been received about noise, health/maintenance, or disorderly animals.* Animals assistive of a disabled person are exempt from this size restriction. Pets are not to be maintained for commercial purposes or for breeding. Pet must be less than 30 pound and 16 inches in height.
- b) Domestic reptiles and fish shall be permitted so long as such animals are kept in the interior of a Residential Unit and so long as such animals are (1) kept as household pets, (2) are not so excessively noisy as to disturb the quiet enjoyment of any Owner of his or her Residential Unit, (3) are not kept, bred or raised for commercial purposes or, as determined by the Board, in unreasonable numbers, and (4) do not constitute a nuisance within the Project or a threat to the personal safety of other Owners and their Invitees in the Project.
- c) The walking of pets shall be limited to the non-landscaped areas of the community. Each Owner shall be responsible for cleaning up any excrement or other unclean sanitary condition caused by pets. Any excrement deposited by pets on lawns, sidewalks, streets

or other Association Property must be removed immediately by the owner of the animal involved. Any damage, including urine damage to turf, caused by an animal shall be repaired/replaced at the animal owner's expense. Owners should not allow animals to urinate on plants or shrubs.

- d) All animals, including cats, must be kept inside a Residential Unit, or on a leash held by a person capable of controlling the animal when outside the Residential Unit per the Rio Rancho City Ordinance. Pets may not be tied up or staked outside without being under the direct supervision of its owner.
- e) Residents are responsible and liable for any personal injury or property damage caused by their pets. Pet Owners who have pets at the Association shall be deemed to have agreed to indemnify and hold that Townhouse, each other Unit Owner and Declarant free and harmless for any loss, claim, or liability of any kind or character whatsoever arising by reason or keeping or maintaining such pet within the Townhouse. If the pet owner is a tenant, the Owner of the residence is liable.
- f) All dogs and cats kept within the Association shall have a current City license and name tag. Loose, unattended dogs, cats, or other animals without a name tag should be reported to the Animal Control Division for pickup.
- g) Pets shall not be allowed to disturb the quiet enjoyment of other residents while in their units or in the common areas. Residents who are disturbed by an animal are urged to first contact their neighbor and if unsuccessful, to contact the Board through the Management Company, or contact: Animal Control.
- h) All pets shall be registered with the Association, and proof that they have been registered and inoculated as required by local laws shall be provided.
- i) The Board has the power to prohibit the keeping or maintenance of any animal, which, in the opinion of the Board is deemed by the Board to constitute a nuisance to any other Owner in the sole and exclusive opinion of the Board. Any such pet will be removed by the Owner upon ten (10) days written notice from the Board of Directors.

ARTICLE VI INSURANCE

Section 6.1 - Unit Owner's Insurance. Each Owner shall have the right to maintain property insurance against losses to real and personal property within the Unit as described in Article VI, Section 5b, of the CC&R's. *The Unit Owner is encouraged to insure items such as, furniture, wall coverings, upgraded fixtures, finishes or appliances, furnishings or other personal property.* It is recommended that each Owner also secure insurance for personal liability and negligence inside the Unit. Each Owner shall be responsible to pay the premiums for insurance covering their Unit. The Association encourages Owners to contact the Association's

insurance agent before placing coverage on Units to assure maximum protection between the Association and Unit Owner policies. .

Section 6.2 - Insurance Losses Inside the Unit. Any insurance loss should be promptly reported to the Association, and the Owner's insurance agent.

Section 6.3 - Association Insurance. Any Unit Owner may obtain a copy of the policy, or certificate of insurance from the Association by contacting the Management Company in writing.

Section 6.4 - Destruction of a Unit. Refer to Article VII, Section 3, of the CC&R's.

Section 6.5 - Losses in Common Areas. Accidents or losses taking place in the Common areas should be reported to the Association through the Management Company. A written report may be required.

ARTICLE VII RUBBISH

Section 7.1 - Trash Containers. All trash, garbage, or other waste shall be kept in sanitary containers provided by Waste Management of New Mexico for that purpose as approved by the City of Rio Rancho. Trash containers shall be kept marked with the units' number. Lost or missing trash containers will be replaced once by the Association. Subsequent trash containers will be at the Owner's expense.

Section 7.2 - Garbage and Rubbish. Garbage and rubbish shall not be dumped or allowed to remain on any Lot, except that on the morning of collection it may be placed outside the dwelling in appropriate containers. Trash containers and recyclable materials may be set curbside beginning at dusk the evening before the day of pick-up. Trash containers must be returned to appropriate spaces by midnight the day of trash pick-up. It is recommended that all trash inside the container be sealed in bags to prevent material from spilling onto the streets during pick-up. The unit owner is responsible for the removal of any spilled material by their trash container. Homeowners are to use common sense when placing receptacles out during high winds and should consider keeping them up against the unit until the last moment. Owners will be assessed for any clean-up services provided by the Association.

Section 7.3 - Offensive Odors. No Owner shall permit any odor to arise so as to render any Residential Unit unsanitary, unsightly, offensive or detrimental to any other Residential Unit in the vicinity, or to its occupants.

Section 7.4- Hazardous Waste Disposal. It is the Owner's responsibility to use the City of Rio Rancho's established program for the removal and proper disposal of toxic and hazardous waste products. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservatives, and other such fluids shall not be

discharged into any street, public or private, or into any storm drains or storm water conveyance systems.

ARTICLE VIII MOTOR VEHICLES

Section 8.1 - Parking. Vehicles shall be parked only in bonafide parking spaces, and not along the streets, sidewalks, or roadways.

- a) The common parking spaces shall be used by the Owners and guests for self-service parking on a "first come, first served" basis.
- b) No dismantled, inoperable, wrecked vehicles or equipment shall be parked, stored or deposited within the Community.
- c) Vehicles shall not interfere with the sidewalk or overhang upon any portion of the sidewalk. Please remember to park one (1) foot from the curb to facilitate parking lot cleaning.

Section 8.2 - Vehicle Repairs. No repair or service of automobiles or other motorized vehicles, shall be conducted within the Community.

Section 8.3 - Recreational Vehicles. No trucks larger than three-quarter (3/4) ton and no boats, trailers, or campers shall be parked longer than one (1) day or overnight upon any Lot or upon any street or parking area within the Properties.

Section 8.4 - Safe Speeds. Vehicles shall observe a speed of no more than ten (10) miles per hour when inside the community.

Section 8.5 - Car Stereos. While inside the Community, car stereos should be played at levels that cannot be heard outside of the vehicle.

Section 8.6 - Car Alarms. No Owner shall allow their car alarms to be an annoyance or nuisance to other Residents.

Section 8.7 - Washing of Vehicles. The washing of vehicles is permitted in the Community.

Section 8.8- Oil and Antifreeze. Vehicles shall not be allowed to drip oil or antifreeze on the asphalt of the community, whether it is in parking areas or on the roadway. Such material shall be removed immediately by the Owner. Failure to remove any oil or antifreeze will result in the removal by the Association and the Owner will be billed back for the expense.

Section 8.9- Vehicle Registration. All vehicles in the Community shall have license plates with current registration.

38157

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR HOLIDAY PARK TOWNHOUSES

(A Subdivision in Sandoval County, New Mexico)

This Declaration made this 15th day of August,
1983, by AMREP SOUTHWEST, INC., a New Mexico corporation
(hereinafter, the "Developer").

W I T N E S S E T H :

WHEREAS the Developer is the owner of "Holiday Park Townhouses," a subdivision within Sandoval County, New Mexico, as the same is shown and designated on the Plat filed for record on August 3, 1983, in the Office of the County Clerk of Sandoval County, New Mexico, in Rio Rancho Estates Plat Book 3, p. 127, and described in Exhibit "A" to this Declaration;

WHEREAS the Developer desires to develop all or a portion of Holiday Park Townhouses as a planned, adult residential community with open spaces and common areas for the benefit of such community;

WHEREAS, as to such portions of Holiday Park Townhouses as shall now or hereafter be made subject to this Declaration, the Developer desires to preserve certain values and amenities and to provide for the enjoyment of the common areas and facilities by purchasers and residents of lots located within those portions of the Subdivision as are subjected to this Declaration; and

WHEREAS the Developer has incorporated or intends to incorporate under the laws of the state of New Mexico, as a nonprofit corporation, Holiday Park Homeowners Association for the purposes of maintaining and administering the community facilities, administering and enforcing the covenants, conditions and restrictions of the Declaration, and levying, collecting and disbursing the assessments and charges hereinafter created.

NOW, THEREFORE, the Developer declares that all portions of The Subdivision now or hereafter made subject to

this Declaration, as hereinafter provided, shall be held, transferred, sold, conveyed, and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I

DEFINITIONS

Section I. The following words when used in the Declaration and all amendments hereto, and in the Bylaws of Holiday Park Homeowners Association, unless the context otherwise requires, shall have the following meanings:

A. "Declaration" means this Declaration, any amendments hereto, and any Supplemental Declaration(s) recorded pursuant to Article II, Section 3 hereof.

B. "Developer" means AMREP Southwest, Inc., its successors and assigns. This term includes any person or entity which purchases all or substantially all of the Subdivision (as hereinafter defined) from AMREP Southwest, Inc.

C. "Association" means Holiday Park Homeowners Association, a New Mexico non-profit corporation incorporated or to be incorporated by the Developer for the purposes of maintaining the Common Areas deeded to it by the Developer and enforcing the provisions of this Declaration.

D. "The Subdivision" means Holiday Park Townhouses, a subdivision within Sandoval County, New Mexico, as shown and described on the Plat of said subdivision recorded on August 3, 1983, in the Office of the County Clerk of Sandoval County, New Mexico, in Rio Rancho Estates Plat Book 3, page 127, a copy of which is attached hereto as Exhibit "A" and made a part hereof by reference. This term does not include, however, any roadways and thoroughfares shown on and dedicated by said recorded Plat to Sandoval County, New Mexico or to the City of Rio Rancho, New Mexico.

E. "The Properties" means that portion of the Subdivision initially made subject to the Declaration as provided in Article II, Section 2 hereof, and all additional

portions of the Subdivision which the Developer may choose to subject to the Declaration as provided in Article II, Section 3 hereof.

F. "Lots" means those parcels, including any residences constructed thereon, shown as numbered lots on the recorded Plat of the Subdivision and located within the Properties.

G. "Common Areas" means such portions of land within the Subdivision (other than dedicated roadways and residential Lots) which are initially or hereafter deeded to the Association by the Developer. This term includes all facilities and improvements now or hereafter constructed upon land comprising the Common Areas.

H. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot. This term expressly includes, however, the purchaser or purchasers of any Lot under a real estate contract or land installment contract. This term does not include any mortgagee or other lienholder having a security interest in any Lot, unless and until any such mortgagee or lienholder acquires legal title to a Lot pursuant to foreclosure, conveyance in lieu of foreclosure, or otherwise, and also does not include the Developer or its successors and assigns.

I. "Member" means any Owner, whether one or more, of any Lot, and refers to membership in the Association.

J. "Board" means the Board of Directors of the Association.

K. "Articles" means the Articles of Incorporation of the Association, including any amendments thereto.

L. "Bylaws" means the Bylaws of the Association, including any amendments thereto.

M. "Party Wall" means any structure which divides or is placed upon or intended to be placed upon the boundary of adjoining Lots. This term includes, without limitation, any common wall necessary for the support of adjoining and attached residential structures situated upon adjoining Lots.

N. "Party Fence" means any fence which divides or is placed upon or intended to be placed upon the boundary of adjoining Lots.

ARTICLE II

SUBJECT PROPERTY

Section 1. General. Neither the Association nor any Owner(s) shall have any right or power to force or bind the Developer to subject to the Declaration any additional portions of the Subdivision not initially subjected to the Declaration as provided in Section 2 of this Article. The Developer shall have complete discretion to decide which phases of the Subdivision shall be subjected to this Declaration. The Developer may subject to this Declaration any phase or phases of the Subdivision it desires, besides the phase subjected to the Declaration in Section 2 of this Article, in any order it desires, and shall be under no obligation to subject any phase or phases of the Subdivision to this Declaration besides the phase subjected to this Declaration in Section 2 of this Article. Neither the Association nor any Owner(s) shall have any right, easement, privilege, license, or any other interest in any portion of the Subdivision which has not been subjected to this Declaration.

Section 2. Initial Property. The Developer hereby subjects to the covenants, conditions, restrictions, and easements contained in this Declaration Phase I of Block 1 of Holiday Park Townhouses, which consists of Lots number Six (6) through Ten (10) as shown on the recorded Plat of said Subdivision, together with all Common Areas situated within said Phase I as shown and designated on that certain phase map of the Subdivision recorded with and as part of this Declaration as Exhibit "B" hereto (hereinafter, "Phase Map"). The Developer will execute and deliver to the Association a warranty deed conveying all Common Areas within Phase I, including the Recreation Building and all of Lot Number Ten (10), within a reasonable time after one hundred percent (100%) of the residential Lots in Phase I, or any other phase of the Subdivision which is in the future

Declaration, have been conveyed to Owners by the Developer. Such conveyance to the Association of Common Areas shall be free and clear of all liens and encumbrances except ad valorem property taxes and assessments prorated to the date of this Declaration; liens and encumbrances created by this Declaration, including amendments hereto; and patent reservations, restrictions, easements and rights-of-way of record, if any. Said deed or conveyance shall, however, provide that by acceptance thereof the Association obligates itself to maintain in good order and repair all Common Areas thereby conveyed.

Section 3. Additions by Developer. The Developer may at any time, but is not obligated to, subject additional phases of the Subdivision to this Declaration by executing, acknowledging and recording a Supplemental Declaration describing the Lots and Common Areas to be brought under and made subject to this Declaration. Any such additions by the Developer shall be made in phases as shown on the Phase Map, in any order of phases the Developer desires. Upon the making of any such addition, the Developer covenants to execute and deliver a warranty deed conveying all Common Areas within each phase being subjected to this Declaration to the Association within a reasonable time after one hundred percent (100%) of the residential Lots in that phase are conveyed by the Developer to Owners. Such conveyance of Common Areas to the Association shall be free and clear of all liens and encumbrances, except ad valorem property taxes and assessments prorated to the date of such conveyance; liens and encumbrances created by this Declaration including amendments hereto; and patent reservations, restrictions, easements, and rights-of-way of record, if any. Said deed or conveyance shall, however, provide that by acceptance thereof, the Association obligates itself to maintain in good order and repair all Common Areas thereby conveyed.

Section 4. Amendment by Developer. The Developer may, at its sole discretion, make such additions and modifications to the covenants, conditions, and restrictions contained in this Declaration as may be necessary to reflect the different

character, if any, of any additional portions of the Subdivision subjected to this Declaration; provided, however, that such additions and modifications are complementary and consistent with the covenants, conditions and restrictions now contained in this Declaration.

Section 5. Changes to Subdivision. The Developer may cause the extinguishment, change, modification, or elimination of any portion of the Subdivision by the filing of a replat or amended plat for the Subdivision; provided, however, that any area or portion of the Subdivision which has been previously subjected to this Declaration or deeded to either individual Lot owners or to the Association shall not be subject to such extinguishment, change, modification, or elimination.

Section 6. Models. Lots number Six through Nine (6-9) in Phase I are intended by the Developer to be used as models for sales purposes and, therefore, not sold to individual Owners until most or all of the projected phases of the project have been developed and sold. However, the Developer reserves the right to sell Lots Six through Nine at any time and to use any other Lots in any future phase as sales models.

ARTICLE III.

USE OF PROPERTY

Section 1. Structures and Uses. All Lots within the Properties are hereby restricted to residential dwellings for residential use, with the exception of the Recreation Building on Lot number Ten. All buildings or structures erected upon the Lots shall be of new construction and shall be constructed at their permanent site. No structures of a temporary nature, including any trailer, tent, shack, shed, garage or other out-building shall be used on any portion of the Properties at any time as a residence either temporarily or permanently, except as used by the Developer for temporary construction purposes. No business or trade of any kind or noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be or become an annoyance or nuisance to other Owners or the neighborhood.

Section 2. Occupancy. No more than two persons may permanently occupy a one-bedroom home. No more than four persons may permanently occupy a two-bedroom home. In the event a home is occupied by one not the Owner thereof, both the Owner and the occupant shall be personally liable, jointly and severally, for the dues, charges and assessments of the Association. In the event that a home is occupied by one not the Owner thereof, whether by reason of rental, lease or other arrangement, the occupant must have his occupancy approved by the Association prior to occupying the premises and must agree in writing to be bound by all covenants, conditions and restrictions of this Declaration, provisions of the Articles and Bylaws, and all Rules and Regulations promulgated by the Association or the Board.

Section 3. Age Restrictions. At least one permanent resident of each dwelling must be forty-five (45) years of age or older. No permanent resident shall be under eighteen (18) years of age except with the specific written permission of the Board. Individuals under the age of eighteen shall be allowed a total of thirty (30) days visitation per year. Any visitation in excess of thirty days per year must be specifically approved in advance by the Board, in writing.

Neither the Developer, its successors and assigns, the Owners, nor the Association shall have any liability to any person should the age restrictions contained herein be determined to be unlawful by a court of competent jurisdiction.

Section 4. Alterations and Additions. No alteration or addition to or repainting of the exterior of any home shall be made unless it shall first be approved by the Architectural Control Committee and any such alterations and additions shall conform in architecture, material and color to the dwelling as originally constructed upon the Lot.

Section 5. Developer's Use. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Developer to maintain during the period of construction and sale of homes upon the Lots, upon such portion

of the Properties as the Developer may reasonably require, such structures as are convenient or incidental to the construction and sale of homes upon the Lots, including, without limitation, a business office, storage area, construction yards and trailers, signs, model units and a sales office.

Section 6. Signs. No advertising signs, except one of not more than five square feet (5 sq. ft.) "For Rent" or "For Sale" sign per Lot, shall be erected, placed or permitted to remain on the Properties; provided, however, that this provision shall not apply to the business and construction activities and signs of the Developer, its agents and assigns during the construction and sale period or to any signs of the Association, its successors and assigns in furtherance of its powers and purposes as herein set forth.

Section 7. Vehicles. No trucks larger than three-quarter (3/4) ton and no boats, trailers, or campers shall be parked longer than one (1) day or overnight upon any Lot or upon any street or parking area within the Properties.

Section 8. Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept in any dwelling or upon any Lot, except that dogs, cats or other domesticated, non-exotic household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose and provided that no more than two (2) such pets may be kept in any dwelling or on any Lot. No pet shall be over sixteen (16) inches tall or heavier than thirty (30) pounds. No animal shall be walked outside of the Lot except on a leash. Any damage to the Common Areas or to other Lots caused by a pet shall be paid for by the pet owner or the Lot Owner responsible for such pet owner, and, if not so paid for, may be the subject of a special assessment against the pet owner or Lot Owner responsible for such pet owner.

Section 9. Garbage and Rubbish. Garbage and rubbish shall not be dumped or allowed to remain on any Lot, except that on the morning of collection it may be placed outside the dwelling in sealed plastic bags for collection. If placed outside the

dwelling the night before collection, it must be contained in sealed plastic bags within closed animal-proof metal receptacles.

The Association shall not be responsible for garbage collection or the costs thereof. It shall be the responsibility of each Owner or occupant to remove and transport his own garbage and rubbish or to contract with another party to do so.

Section 10. Fences, Hedges or Walls. No fences, hedges or walls shall be erected, grown or maintained upon the Properties except such as are installed in accordance with the initial construction of the buildings located thereon or as approved in accordance with Article IV of this Declaration.

Section 11. Antennas, CB's, and Ham Radios. No radio or television antenna or any similar antenna or tower shall be erected on any Lot or attached to the exterior of any dwelling. No CB radio or ham radio, or any other electronic appliance which might interfere with the rights of other Owners or their enjoyment of the Properties, will be allowed without the prior written approval of the Board.

Section 12. Laundry Lines. Laundry poles and lines outside of dwellings are prohibited.

Section 13. Easements. Perpetual easements for the installation and maintenance of sewer, water, electric, telephone, gas, drainage and other facilities are reserved in the Common Areas for the benefit of owners of property adjoining the Properties and/or for the City of Rio Rancho and/or any municipal or private utility company ultimately operating such facilities. Perpetual easements in general are reserved in and over each Lot for the aboveground and underground installation of sewer, water, electric, gas, telephone, drainage and other facilities. No building or structure shall be erected within the easement areas occupied by such facilities.

Easements in general in and over each Lot are reserved for the encroachment by the Common Areas upon any Lot or by any Lot encroaching upon the Common Areas or upon another Lot because of construction, reconstruction, repair, shifting, settlement or

other movement of any portion of the improvements of the Properties. These easements for encroachment shall extend for whatever period the encroachment exists.

A five-foot (5 ft.) wide perpetual easement is reserved across the rear of each Lot for access for utility installation and service, deliveries and maintenance for individual Lots and dwellings thereon, and pedestrian and wheelchair travel by Owners, their occupants and guests. The Developer reserves the right to pave this easement if it so desires and no Lot Owner shall impede access to such easement in any way, including, but not limited to, landscaping or fencing unless such fence includes an unlocked gate which opens across the full width of the easement.

ARTICLE IV

OWNER'S ESTATE

Section 1. The Lot. Each Owner shall have a fee simple interest in his improved residential Lot, subject to the provisions concerning party walls and party fences in Article VII of this Declaration.

Section 2. Right of Enjoyment in Common Areas. Subject to the provisions of Sections 3 and 5 of this Article, every Owner shall have the right to use and an easement of enjoyment in common with all other Owners with respect to the Common Areas now or hereafter deeded to the Association by the Developer.

Section 3. Extent of Right of Enjoyment. The rights of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, as provided in its Articles and Bylaws, to suspend the enjoyment rights of any Owner and/or occupant for any period during which any Association assessment remains due but unpaid, and for any reasonable period for any infraction of its published Rules and Regulations; provided, however, that the suspension of enjoyment rights shall not relieve an Owner from the requirement to pay any Association assessments.

(b) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public

agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members; provided, however, that any such action must be approved by a two-thirds (2/3rds) majority of the total votes in both classes of membership of the Association at a meeting duly called for such purpose upon thirty (30) days' prior written notice mailed to each Member at the Member's address as shown by the records of the Association.

(c) The right of the Developer, and of the Association, to grant and reserve easements and rights-of-way through, under, over and across the Common Areas for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, natural gas, electric and other utilities.

(d) The right of the Association, acting through its Board, to enter into contracts deemed necessary and appropriate by the Board for the maintenance and management of the Common Areas and the Association.

Section 4. Delegation of Use. Any Owner may, subject to any applicable provisions of the Bylaws, delegate his rights of enjoyment in the Common Areas to members of his family, his tenants or contract purchasers from him who reside in his dwelling upon the Properties. Any Owner so delegating his rights of enjoyment in the Common Areas shall promptly notify the Association in writing of such delegation and of the relationship of such persons to the Owner. Any person to whom such rights of enjoyment have been delegated shall be subject to the same conditions, restrictions and limitations as are applicable to the delegating Owner.

Section 5. Restrictions of Easement. Notwithstanding anything to the contrary contained herein, vehicular traffic is prohibited upon all portions of the Common Areas, except such portions as are specifically designated on the recorded plat of the Subdivision as "Vehicular Easement." All Owners shall have the right of access, ingress and egress for non-vehicular traffic within all portions of the Common Areas after same are

deeded to the Association. The restrictions contained in this provision are inapplicable to the Developer during construction and to the Association to the extent necessary to maintain the Common Areas.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner, whether one or more persons or entities, of a Lot within the Properties shall automatically be a Member of the Association. All rights of membership are appurtenant to ownership of the Lot, and run with the land whether or not any deed or conveyance of a Lot makes specific reference thereto.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A Members shall be all of the Owners of the Lots in the Properties except the Developer. Class A Members shall be entitled to one (1) vote for each Lot which they own. When more than one person or entity owns a Lot, all such persons or entities shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

The Class B Member shall be the Developer, its successors and assigns. The Class B Member shall be entitled to five (5) votes for each lot which it owns in the Subdivision, as designated on the recorded Plat and Phase Map of the Subdivision, irrespective of whether construction of a dwelling on any of such lots has been commenced or finished or whether any of such lots have been subjected to this Declaration. When a purchaser of an individual Lot which has been subjected to this Declaration takes title thereto from the Developer or enters into a real estate contract to purchase from the Developer, he becomes a Class A Member and the membership of the Developer with respect to such Lot shall cease. Class B membership shall cease entirely, and the remaining ownership interest of the Developer in any Lots whether or not subjected to this Declaration shall be converted to Class A membership,

when the total votes outstanding in the Class A membership equal fifty-six (56).

Section 3. Suspension of Membership Rights and Voting Rights.

The rights of membership in the Association, including the right to vote, the right to participate in Association affairs, and the right to use the Common Areas, are subject to suspension by the Board for: (1) failure or refusal to pay any assessment levied by the Association for a period of thirty (30) days after the due date of such assessment; or (2) an infraction of, default in or breach of any provisions of this Declaration, the Articles, Bylaws or Rules and Regulations of the Association; provided, however, that even upon suspension of the rights of membership, the Member shall continue to be liable to the Association for assessments and other charges and shall continue to be bound by the covenants, conditions and restrictions contained in this Declaration and by the Articles, Bylaws, and Rules and Regulations of the Association. The suspension procedure shall be as follows:

(a) Notice of the nature of the violation or default charge shall be sent to the Member accused of the violation or default;

(b) The Member shall have fifteen (15) days after the receipt of the notice referred to in (a) above to cure said violation or default;

(c) The Member shall have the right to defend the charge brought against him at a formal hearing before the Board, at which time he will be entitled to present witnesses or other evidence;

(d) The Board shall adopt formal findings of fact regarding the violation or default and may adopt a reasonable penalty for the violation, including fines and suspension of membership and voting rights. Decision of the Board shall be final.

ARTICLE VI

COVENANTS AND MAINTENANCE ASSESSMENTS

Section 1. Creation of Covenants. The Developer hereby

covenants, with respect to each Lot owned by it, and each subsequent Owner of any Lot, by acceptance of a deed or by entering into a contract for the purchase thereof, whether or not it shall be so expressed in any such deed or other contract or instrument of conveyance, shall be deemed to covenant and agree to pay to the Association:

(a) annual assessments or charges;

(b) special assessments for capital improvements, repairs and reconstruction of Common Areas;

(c) special assessments for the costs of fire and extended coverage insurance equal to the full replacement value of any home constructed on any Lot unless the Owner thereof furnishes satisfactory proof to the Association that such insurance has been procured by the Owner;

(d) special assessments for any attorney's fees or cost incurred by the Association to enforce any provision of this Declaration.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the general purposes of promoting the enjoyment, health, safety, welfare and common benefit of the Owners and occupants of the Lots within the Properties as may be more specifically authorized from time to time by the Board and including, but not limited to, improvements and maintenance of the Properties, services and facilities devoted to this purpose, and the use and enjoyment of the Common Areas and the homes situated upon the Lots.

Section 3. Assessments-General. The liability of Owners for annual and special assessments shall commence on the first day of the month immediately following the date on which a Lot is conveyed to the Owner. For purposes of this provision, purchase of a Lot pursuant to a Real Estate Contract or Deed of Trust shall constitute a conveyance of the Lot. The liability of the Developer for annual and special assessments in regard to Lots owned by the Developer shall commence, for each such Lot, on the first day of the month immediately following the date such Lot is subjected to this Declaration and shall cease, for each

such Lot, on the last day of the month in which the Developer conveys that Lot to an individual Owner. The Developer shall be obligated to pay only a percentage of the total annual and special assessments for common expenses levied during its ownership in accordance with the formula hereinafter set forth in this Section; however, the Developer agrees to pay the Association, on a monthly basis, the difference between the common expenses of the Association as authorized by the Board, exclusive of reserves for replacement and contingencies as provided in Section 2 of Article X hereof, and the total amount assessed for common expenses against the Class A Members. This obligation of the Developer to subsidize the operations of the Association shall terminate when the total of Class A votes in the Association equals or becomes greater than the number of Class B votes in the Association.

For the purpose of determining the amount of annual or special assessments for common expenses which shall be assessed against each Lot, the following formula shall be used:

	<u>Percentage of Amount of Applicable Assessment</u>
Lots upon which dwellings have been constructed, title to which have been conveyed by the Developer to Owners.	100%
Lots upon which dwellings have been completely constructed, but are unoccupied, which have not yet been deeded by the Developer to Owners.	50%
Lots upon which no dwelling has been completed and which are owned by the Developer.	0%

The reduced percentages of assessments shown above shall be effective only for 60 days after a Lot is subjected to this Declaration, and then shall become full assessments. No lot shall be assessed before being subjected to this Declaration. The Recreation Building shall not be assessed.

Section 4. Annual Assessment. Not later than December 1 of each calendar year, the Board shall enact a resolution fixing the amount of the annual assessment for common expenses for the

following calendar year. Upon the enactment of said resolution, the Board shall, not later than December 15 of that year, mail written notice of the amount of such annual assessment to every Owner. In the event that the Board shall fail in any year to enact such resolution or to mail such written notice, the amount of the annual assessment for the previous year shall be automatically renewed. The amount of the annual assessment for 1983 shall be \$ 168.94 per Lot.

Section 5. Increase or Decrease in the Amount of Annual Assessments. The Board may prospectively increase the amount of annual assessments for common expenses, provided that any such increase in excess of twenty percent (20%) of the then currently applicable annual assessment shall require majority vote of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than fifteen (15) days in advance of the meeting setting forth the purpose of the meeting.

Section 6. Special Assessments. The Board, from time to time, may levy special assessments for the purposes described below:

(a) Capital Improvements. Special assessments for capital improvement for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of any capital improvements on the Common Areas may be levied by the Board. As a precondition to the levy of any such special assessment, the Board shall propose the adoption of a resolution by an affirmative vote of a majority of each class of Members who are voting, in person or by proxy, at a meeting duly called for that purpose, written notice of which shall be sent to all Members not less than fifteen (15) days in advance of the meeting setting forth the purpose of the meeting.

(b) Insurance. In the event that any Owner does not procure and maintain fire and extended coverage insurance on his dwelling, or fails to provide the Association with satisfactory evidence thereof, in an amount sufficient to cover the full replacement costs of his dwelling or fails to name the Association as Trustee for the Owner and/or his mortgagee as

co-obligees under any policy, all as required by Section 4a of Article IX herein, the Board may procure such insurance and shall levy a special assessment against the Lot covered by such insurance without submitting the matter to a vote of the Members.

(c) Attorney's Fees; Enforcement Costs. The Board may levy special assessments to defray the costs of attorney's fees or other enforcement costs incurred by the Association to enforce any provision of this Declaration or the Bylaws.

(d) Other Items. The Board may, from time to time, levy special assessments by reason of any other provision of this Declaration providing for such assessment.

Unless specifically provided by the Board, all special assessments shall be assessed against each Lot which has been, at the time of the assessment, subjected to this Declaration, according to the formula for Percentage of Amount of Applicable Assessment set out above in Section 3 of this Article.

Section 7. Effect of Non-Payment of Any Assessment. If any annual or special assessment is not paid when due, such assessment shall, together with interest at the rate of 10% per annum thereon and costs of collection, including reasonable attorney's fees, become delinquent and constitute a continuing lien upon the Lot against which the assessment was levied. Such lien shall be appurtenant to and run with the Lot and shall bind the Owner of the Lot, his heirs, devisees, personal representatives, successors and assigns. The delinquent assessments, along with interest, costs of collection and attorney's fees, shall also be a personal obligation of the Owner of the Lot at the time the assessment became due, but such personal obligation shall not pass to his successors in title unless they specifically agree to assume it. The Association may elect to bring a suit to collect a money judgment for such delinquent amounts from the person who was the Owner at the time the assessment became due without thereby waiving its right to subsequently seek foreclosure of the lien.

Section 8. Subordination of Lien to First Mortgage.

Notwithstanding any provision to the contrary contained in this Declaration or the Bylaws, the lien of any annual or special assessment created by this Article shall be subordinate to any first mortgage now or hereafter placed upon any Lot; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure or any other proceeding in lieu of foreclosure. Such sale or transfer shall extinguish the lien for any assessments that were due and payable prior to the foreclosure sale or transfer but will not relieve any subsequent owner of a Lot from paying subsequent assessments. Except in regard to a foreclosure of a first mortgage, a lien for an annual or special assessment will not be affected by the sale or transfer of a Lot.

Section 9. Holder of Mortgage Entitled to Written Notification of Default by Mortgagor.

Upon request, the holder of a recorded first mortgage on any Lot is entitled to and shall receive written notification from the Association of any default by the mortgagor of such Lot in the performance of such mortgagor's obligations to the Association, including particularly any failure to pay any assessment when due, which default has not been cured within thirty (30) days. Any first mortgagee making any such request shall provide the Association with such information as is reasonably required by the Association in order to respond to the request.

Section 10. Exempt Property. The following areas within the Properties shall be exempted from the assessments, charges and liens created hereby: (a) all land dedicated to and accepted by a governmental body, agency or authority and devoted to public use; and (b) all Common Areas as defined in Article VII hereof. Notwithstanding any provisions herein to the contrary, no land or improvements within the Properties devoted to dwelling use shall be exempt from said assessments, charges and liens and no Owner may waive or otherwise escape liability for the assessment provided for herein, including by way of illustration but not limitation, abandonment of his unit.

Section 11. Collection of Assessments and Acceleration. The Association, acting through the Board, may either collect all or any assessments itself or may delegate to other parties, including, for each Lot, the holder of a first mortgage on that Lot, the right to collect the amount of the annual and/or special assessments. The Board may adopt Rules and Regulations not inconsistent with this Article providing for installment payment of assessments. In the event of non-payment of any such installment when due, the Board may accelerate the remaining installments upon ten (10) days' written notice to the Owner, whereupon the entire unpaid balance of such assessment shall become due upon the date stated in such notice.

ARTICLE VII

PARTY WALLS AND PARTY FENCES

Section 1. General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to each party wall and party fence which is built as part of the original construction of the dwellings upon the Properties and any replacement thereof.

In the event that any portion of any structure, as originally constructed by the Developer, including any party wall or fence, shall protrude over an adjoining Lot, such structure, party wall or fence shall not be deemed to be an encroachment upon the adjoining Lot and no Owner shall either maintain any action for removal of a party wall or fence or protrusion or any action for damages. In the event that there is a protrusion as described in the immediately preceding sentence, it shall be deemed that all Owners have granted perpetual easements to the adjoining Owner or Owners for continuing maintenance and use of the protrusion, party wall or fence. The foregoing shall also apply to any replacements of any structures, party walls or fences if same are constructed in conformance with the original structure, party wall or fence constructed by the Developer. The foregoing conditions shall be

perpetual in duration and shall not be subject to amendment.

Section 2. Restoration, Repair and Maintenance Expense. The expense of restoration, repair and maintenance of a party wall or party fence (not due to the negligence or willful act or omission of either adjoining Owner) shall be shared by the Owners whose Lots touch said party wall or party fence in proportion to the total number of lineal feet of said wall or fence in or on each Owner's Lot as such number of lineal feet bears to the total lineal feet to be restored, repaired or maintained; provided, however, that the specific portion(s) of said wall or fence which is/are not in need of restoration, repair or maintenance shall be excluded from the number of each respective Owner's lineal feet and from the total lineal feet for purposes of this calculation. The failure of an Owner to pay his proportionate share of any restoration, repair, or maintenance expense may be subject to a special assessment made by the Board to be collected in the same manner as other special assessments.

Section 3. Destruction by Fire or Other Casualty. If a party wall or party fence is destroyed or damaged by fire or other casualty, any Owner who has used the wall or fence may restore it, and if other Owners thereafter make use of or benefit from the wall or fence, they shall contribute to the cost of restoration thereof according to the calculation set out in Section 2 of this Article, without prejudice, however, to the right of any Owner to call for a larger contribution from any other Owner(s) under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary repair of such party wall and protection against the elements. Should such Owner fail to pay such costs, the Board may levy a special assessment against him for such amounts.

Section 5. Right to Contribution Runs With Land. The right of

any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute concerning a party wall or fence, or under the provisions of this Article, each party to the dispute shall choose one arbitrator, such arbitrators shall choose one additional arbitrator, and the decision by a majority of all the arbitrators shall be binding upon the parties.

ARTICLE VIII

MAINTENANCE

Section 1. Homes and Lots. Each Owner shall be responsible for the upkeep and maintenance of his dwelling and Lot and for the upkeep and maintenance of individual patios and storage areas and all other areas, features, or other parts of his home and property not otherwise maintained by the Association. No Owner shall do any act or work which will impair any easements or rights hereunder nor do any act or allow any condition to exist which will adversely affect the other Lots or their Owners.

Section 2. Enforcement. In the event the Owner of any Lot fails, in the sole judgment of the Association, to adequately repair and maintain his dwelling or the landscaping or other improvements on his Lot, the Association may perform or cause performance of such work as may be required to achieve and maintain the appropriate standard of repair and maintenance. The cost thereof shall be immediately due in full from such Owner to the Association, and interest shall accrue on said sum at the rate of 10% per annum until paid in full. This item may be the subject of a special assessment to be collected in the same manner as other special assessments.

ARTICLE IX

INSURANCE

Section 1. Common Areas.

(a) Casualty Insurance. The Association shall procure, prior to the first conveyance by the Developer of a Lot to an Owner, and maintain a policy or policies of all-perils casualty

insurance for all parts of the Common Areas within the Properties, except those areas which are normally excluded from such coverage, such as land, foundations and excavations, but including any party walls or party fences in proportion to the number of lineal feet of such walls or fences which support Common Area structures or border Common Area property and any personal property belonging to the Association and used in conjunction with the Common Areas. The coverage of such policy or policies shall be sufficient to cover one hundred percent (100%) of the current replacement cost of all insured property. The named insured for such policy or policies shall be the Association, by and through the Board. The policy or policies shall require the insurer to notify in writing the Association and each first mortgage holder named in the mortgage clause at least ten (10) days before the insurer can cancel or substantially modify the policy or policies.

(b) Public Liability Insurance. The Association shall procure and obtain a policy or policies insuring the Association, members of the Board, agents and employees of the Association, and the Owners against all liability to the public or to any of the persons mentioned immediately above in this sentence for a limit of liability of not less than \$1,000,000.00 combined single-limit coverage for all claims for personal injury and property damage liability arising out of one occurrence that results from the operation, maintenance or use of the Common Areas or from employment contracts to which the Association is a party. The policy or policies must provide for at least ten (10) days' written notice to the Association before the insurer may cancel or substantially modify the policy or policies.

Section 2. Workmen's Compensation. The Association shall procure and maintain a policy of workmen's compensation insurance to the extent necessary to comply with any applicable law, with the premiums on such policy being paid by the Association as part of the common expenses of the Association.

Section 3. Individual Lots.

(a) Casualty. Owners of individual Lots shall be responsible for procuring and maintaining a policy of all-perils casualty insurance for property damage covering all improvements within and upon the Owner's Lot, except those areas which are normally excluded from such coverage, such as land, foundations, and excavations, but including all portions of party walls and party fences which support the improvements upon the Owners Lot or which border the Owner's Lot. The coverage of such policy shall be for one hundred percent (100%) of the replacement value of such property, to the satisfaction of the Board, and the Owner shall provide the Board with satisfactory evidence that such coverage has been procured within fifteen (15) days of conveyance of the Lot to the Owner, purchase by a Real Estate Contract or Deed of Trust being considered conveyance for purposes of this Section. The Association shall be named as Trustee for any proceeds of such policy where the Owner and/or his mortgagee are obligees.

(b) Liability Insurance. Public liability insurance for personal injury and property damage arising from an occurrence upon or related to individual Lots or party walls or party fences upon individual Lots shall be the responsibility of the individual Owners of Lots.

ARTICLE XBUDGET AND RESERVE FUNDS

Section 1. Budget. The Board shall prepare, by December 1 of each year, an expected budget for the following calendar year. The budget for the first year of operation of the project, 1983, has been prepared by the Developer and is attached to this Declaration as Exhibit "C" and made a part hereof by reference.

Section 2. Reserve for Replacement and Contingencies. A reserve fund will be established by the Association for the periodic maintenance, repair and replacement of the Common Areas and personal property belonging to the Association. Beginning with

the first full calendar year of operation of the project, the Association shall assess annually as a common expense a reasonable amount as deemed necessary by the Board to create the reserve fund for replacement and contingencies, which fund shall be maintained for the entire duration of the Association and increased annually at the discretion of the Board.

ARTICLE XI

POWERS OF THE ASSOCIATION

Section 1. Outside Services. The Association may obtain and pay for the services of any person or firm in furtherance of its general powers and duties stated herein.

Section 2. Implied Rights and Powers. The Association shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

Section 3. Rules and Regulations. The Association may promulgate and enforce reasonable Rules and Regulations governing the use of the Lots and the Common Areas. Such Rules and Regulations may, without limitation, regulate use of the Common Areas to assure equitable use and enjoyment by all persons entitled to such use and enjoyment and may contain such provisions as the Board may deem advisable for the maintenance, conservation and beautification of the Properties and for the mutual health, safety and general welfare of the Owners and their occupants and guests. The Board shall mail a copy of any Rule or Regulations so adopted to all Members within ten (10) days of the day it is adopted.

Section 4. Personal Property. The Association may acquire and hold tangible and intangible personal property and may dispose of the same by sale or otherwise. Subject to the Rules and Regulations of the Association, each Owner, his guests and occupants may use such property.

Section 5. Other Materials. The Association may obtain and pay for any other materials, supplies, furniture, labor, services,

maintenance, repairs, structural alterations, insurance or assessments necessary for the administration, maintenance and operation of the Common Areas, the Properties and the personal property of the Association or for the enforcement of this Declaration or the Bylaws.

ARTICLE XII

COMMON AREAS DEEDED TO ASSOCIATION

Section 1. All land and improvements within the Properties subjected to this Declaration, except for Lots Six through Nine (6-9) as shown on the Plat and Phase Map of the Subdivision attached to this Declaration as Exhibit "A", will be deeded to the Association. The property to be deeded to the Association includes the Recreation Building, which will be situated on Lot number Ten (10), and all parking area(s). The Common Areas within Phase I shall be deeded to the Association within a reasonable time after one hundred percent (100%) of the residential Lots in Phase I, or any other phase which is in the future subjected to this Declaration, are conveyed by the Developer to Owners. The Common Areas within any phase except Phase I will be conveyed within a reasonable time after one hundred percent (100%) of the residential Lots in that phase are conveyed by the Developer to Owners.

The Developer specifically reserves the right to use the Recreation Building as a sales office at any time during the first year after the recording of this Declaration. Such right of the Developer shall be in conjunction with the right of Members to use the Recreation Building for gatherings, functions and recreation, and the Developer specifically agrees that it will make all reasonable efforts, during its period of sales office use, to accommodate such use by Members.

ARTICLE XIII

EXPANSION OF THE PROJECT

The Developer reserves the right, at its discretion, to expand the project by annexing and developing additional phases as indicated on the Phase Map attached to this Declaration as Exhibit "B". The Developer may annex up to thirteen (13)

additional phases, containing a maximum of sixty-two (62) Lots to be sold to individual Owners. All additional property which the Developer reserves the right to annex is contained in the legal description of the Subdivision shown on both the recorded Plat and the Phase Map, Exhibits "A" and "B", respectively. All such expansion of the project will take place within seven (7) years from the date of recordation of this Declaration. All future improvements upon annexed property in the Subdivision will be consistent with the initial improvements in Phase I in terms of quality and type of construction.

ARTICLE XIV

ARCHITECTURAL CONTROL

Section 1. Review and Approval. No building, hedge, fence, wall or other structure or any landscaping shall be commenced, erected or maintained upon any Lot nor shall any exterior addition thereto or alteration or change thereof be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures, landscaping and topography by an Architectural Control Committee composed of three or more Owners; provided, however, that this provision does not apply to initial construction within any phase of the Properties by the Developer. Members of the Architectural Control Committee shall serve staggered terms of three (3) years each, shall be appointed initially by the Developer, and shall thereafter be appointed by the Board.

Section 2. Standards and Procedure of Review. The Architectural Control Committee shall disapprove any exterior addition or alteration which materially deviates from the architectural design and construction of the Properties as a whole or which noticeably detracts from the exterior appearance of the Properties. The Architectural Control Committee shall take action on the approval or disapproval of any exterior additions or alterations within thirty (30) days of submission of plans and specifications for same; provided, however, that

the time for such approval or disapproval may be extended for an additional period of thirty (30) days upon written notice mailed to the Owner(s) seeking to make the exterior addition or alteration prior to the expiration of the original thirty day period. If no action of approval or disapproval is made and mailed to the Owner(s) seeking the addition or alteration within the time periods set out immediately above, the proposed addition or alteration shall be deemed approved.

ARTICLE XV

GENERAL PROVISIONS

Section 1. Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association and the Owner(s) of any Lots subject to this Declaration, their respective legal representatives, heirs, successors and assigns, until December 31, 2028, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by the then Owners of two-thirds (2/3rds) of the Lots and seventy-five percent (75%) of the first mortgagees of the Lots in the Properties has been recorded which expressly terminates the operation of this Declaration; provided, however, that no such agreement to terminate shall be effective unless made and recorded at least two years in advance of the effective date of such termination and unless written notice of the proposed agreement to terminate is sent to every Owner at least ninety (90) days in advance of any such action taken.

Section 2. Amendment. This Declaration and any Supplemental Declaration may be amended by a two thirds (2/3rds) majority of the total votes in the Association. All Supplemental Declarations and amendments to this Declaration or to any other Supplemental Declaration shall be signed by the President and the Secretary of the Association and must be properly recorded to be effective.

Section 3. Articles of Incorporation and Bylaws of the Association. The Association shall have the authority to adopt

such Articles of Incorporation, Bylaws, and Rules and Regulations as are consistent with this Declaration as amended. In the event of conflict between the Articles, Bylaws, or Rules and Regulations of the Association and this Declaration, this Declaration shall prevail.

Section 4. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage prepaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 5. Enforcement. The Association, the Developer or any Owner shall have the right to enforce these covenants, conditions and restrictions by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant, condition or restriction, to restrain such violation or to require specific performance and/or to recover damages, or against any Owner of any Lot to enforce any lien created by this Declaration. Failure by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The expense of enforcement by the Association, including reasonable attorney's fees, shall be chargeable to the Owner violating these covenants, conditions and restrictions and shall constitute a lien upon that Owner's Lot, collectable in the same manner as assessments hereunder.

Section 6. Severability. Invalidation of any of these covenants, conditions or restrictions by judgment or order of any court shall in no way affect the validity of any other provisions of this Declaration, which shall remain in full force and effect.

Section 7. Prior Written Approval of First Mortgagees. Unless at least seventy-five percent (75%) of the first mortgagees of Lots (based upon one vote for each first mortgage) have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Areas owned,

directly or indirectly, by the Association; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied by the Association against the Owner of any Lot.

(c) Change, waive or abandon, by act or omission, any scheme of regulations, or the enforcement thereof, pertaining to architectural design or exterior maintenance of appearance, maintenance of party walls or upkeep of lawns and vegetation as set forth in Articles VII and XIV of this Declaration.

Section 8. Leasing Restrictions. Any lease by an Owner of his dwelling must be by written lease or rental agreement and shall be subject to the covenants, conditions and restrictions of this Declaration, the Bylaws, and the Rules and Regulations of the Association. No dwelling may be leased or rented for a period of less than six (6) months.

Section 9. Separate Metering for Utilities. There shall be separate metering for all utility service to all Lots, and all Owners shall be responsible for payment of all utility costs incurred by their Lot and dwelling.

Section 10. Parking. Within each phase that is subjected to this Declaration, there shall be provided a paved parking area with two (2) spaces per residential Lot, with one (1) such space specifically assigned to each Lot. In addition, Phase I shall contain four (4) extra parking spaces for the Recreation Building.

Section 11. Examination of Book and Records. Upon reasonable notice, any Owner or first mortgagee of any Lot shall have the right to inspect, examine and copy the books and records of the Association, including, but not limited to, the minutes of any meetings of the Board or the Members.

Section 12. Assignment. The Developer shall have the right to assign its rights under this Declaration and any such assignment

shall be binding upon and inure to the benefit of the successors and assigns of the Developer.

Section 13. Interpretation. The Board shall be empowered to interpret this Declaration and the terms and provisions contained herein. The interpretation of the Board shall be presumed to be valid.

Section 14. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

Section 15. Captions. The captions of this Declaration, its Articles and Sections are not necessarily descriptive, or intended or represented to be descriptive, of all of the provisions thereunder and in no manner shall such captions be deemed or interpreted to limit the provisions of this Declaration.

AMREP SOUTHWEST, INC.

a New Mexico corporation

By: James Wall

Title: V.P.

Attest: Sara M. McGinn

Title: Assistant Secretary

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

The foregoing instrument was acknowledged before me this 15th day of August, 1983, by James Wall,
Vice President of AMREP Southwest, Inc., a New Mexico corporation, on behalf of said corporation.

My commission expires:

Sept. 9, 1985

Corinne M. Vellon
NOTARY PUBLIC