



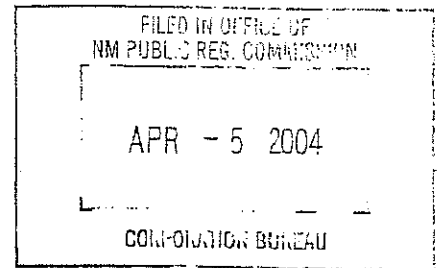
Longford Village East Homeowners Association, Inc.

- Articles of Incorporation
- Declaration of Covenants,
Conditions and Restrictions
- Bylaws
- Guidelines

Articles of Incorporation

Longford Village East
Homeowners Association, Inc.

ARTICLES OF INCORPORATION
OF
LONGFORD VILLAGE EAST
HOMEOWNERS ASSOCIATION



ARTICLE I
ORGANIZATION

The undersigned, to form a New Mexico non-profit corporation (the "Association") under the provisions of Article 8 of Chapter 53 of the New Mexico Statutes, hereby adopt the following Articles of Incorporation. The Association is organized pursuant to the Nonprofit Corporation Law of the State of New Mexico, and no part of the net earnings of the Association shall inure to the benefit of any member or individual.

ARTICLE II
NAME

The name of the Association shall be: "LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION".

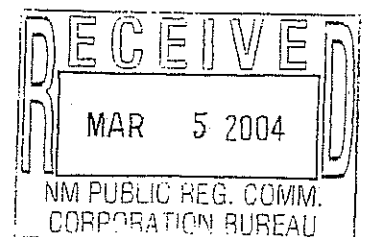
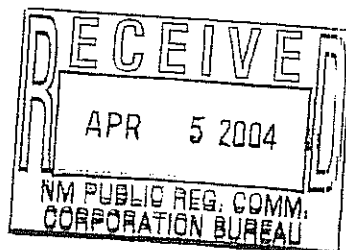
ARTICLE III
PURPOSE

The purpose for which the Association is formed is to provide certain services and facilities for the use, benefit and welfare of the owners and/or occupants of Lots located within the planned community in the unincorporated territory, County of Bernalillo, New Mexico, known as "Longford Village East" and described in that certain Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements ("Declaration") to be recorded in the Official Records, Bernalillo County, New Mexico, which specifically names the Association.

ARTICLE IV
REGISTERED OFFICE

The registered address of the Association shall be LONGFORD HOMES OF NEW MEXICO, INC. 7007 Jefferson Blvd. N.E, Suite A, Albuquerque, New Mexico 87109 or such other address as the Board of Directors may designate from time to time. The initial resident agent at the foregoing address is Mike Davis.

2/9/04



ARTICLE V
MEMBERS

The Association shall have members as set forth in the Declaration and Bylaws, but shall have no capital stock. The classes of voting power of the members of the Association shall be as set forth in the Declaration.

ARTICLE VI
DIRECTORS

The Association shall have a Board of Directors consisting of three (3) members, unless such number is increased by amendment hereto. The names and addresses of the persons who are appointed as initial Directors, as initial Officers, and who are also are incorporators, are:

NAME	ADDRESS
Sandie Firestone President	LONGFORD HOMES OF NEW MEXICO, INC. 7007 Jefferson Blvd., N.E. Suite A Albuquerque, New Mexico 87109
Mike Davis, Vice-President, Treasurer	LONGFORD HOMES OF NEW MEXICO, INC. 7007 Jefferson Blvd., N.E. Suite A Albuquerque, New Mexico 87109
Thomas Robinson, Secretary	LONGFORD GROUP, INC 3077 E. Warm Springs Road Las Vegas, Nevada 89120

Said Directors shall act until the election and establishment of new Directors as provided in the Bylaws of the Association.

ARTICLE VII
TERM

The Association shall exist perpetually, unless dissolved pursuant to law. Upon a dissolution of the Association, the Board, after paying or making provision for the payment of all of the liabilities of the Association, shall dispose of all the assets of the Association in the manner provided by Chapter 53, Article 8 of the New Mexico Statutes.

ARTICLE VIII

DISSOLUTION


This Association is intended to qualify as a Homeowners Association under the applicable provisions of the Internal Revenue Code, and of the Revenue and Taxation Code of New Mexico. No part of the net earnings of this organization will inure to the benefit of any private individual, except as expressly provided in those sections of the Declaration applicable to the acquisition, construction, or provision for management, maintenance, and care of the Association property, and other than by a rebate of excess membership dues, fees, or assessments. So long as there is any Lot or Common Area for which the Association is obligated to provide management, maintenance, preservation or control, the Association may not transfer all or substantially all of its assets or file a certificate of dissolution without the approval of one hundred percent (100%) of the Members. In the event of the dissolution, liquidation, or winding-up of the Association upon or termination of the planned residential development in accordance with provisions of the Declaration, its assets remaining after payment or provision for payment of all debts and liabilities of the Association will be divided among, and be distributed to, the Members in accordance with their respective rights therein.

ARTICLE IX AMENDMENT

The provisions of these Articles may be amended or repealed by the vote or written consent of at least sixty-seven percent (67%) of the voting power of the Association. So long as the Declarant, as defined in the Declaration, is in control of the Association, any amendment to these Articles of Incorporation shall be submitted to and approved by the VA and/or FHA, as defined in the Declaration.

Dated: February 12, 2004.


Sandie Firestone


Mike Davis


Thomas Robinson

STATE OF NEW MEXICO

COUNTY OF

)
) ss.
)

On this 12 day of February, 2004, personally appeared before me, the undersigned, a Notary Public, **Sandie Firestone**, personally known to me to be the person whose name subscribed to the above instrument, who acknowledged that he executed the instrument.

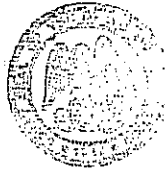
Rebecca J. Monette

Notary Public

STATE OF NEW MEXICO

COUNTY OF

)
) ss.
)



OFFICIAL SEAL
REBECCA J. MONETTE
NOTARY PUBLIC - STATE OF NEW MEXICO

My commission expires: 8/23/2005

On this 12th day of February, 2004, personally appeared before me, the undersigned, a Notary Public, **Mike Davis**, personally known to me to be the person whose name subscribed to the above instrument, who acknowledged that she executed the instrument.

Rebecca J. Monette

Notary Public

STATE OF NEVADA

COUNTY OF CLARK

)
) ss.
)



OFFICIAL SEAL
REBECCA J. MONETTE
NOTARY PUBLIC - STATE OF NEW MEXICO

My commission expires: 8/23/2005

On this 12th day of February, 2004, personally appeared before me, the undersigned, a Notary Public, **Thomas Robinson**, personally known to me to be the person whose name subscribed to the above instrument, who acknowledged that he executed the instrument.

Mary E. Featherston
Notary Public



CERTIFICATE OF ACCEPTANCE OF APPOINTMENT
BY RESIDENT AGENT

APR - 5 2004

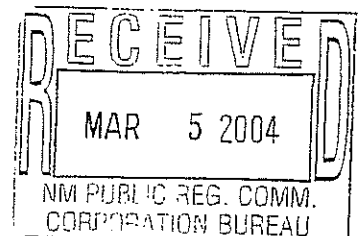
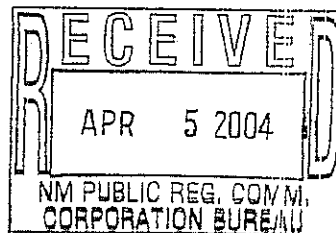
Mike Davis, with address at LONGFORD HOMES OF NEW MEXICO, INC., 7067 Jefferson Blvd. N.E., Suite A, Albuquerque, New Mexico 87109 hereby accepts appointment as Resident Agent of the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION, a New Mexico nonprofit corporation, in accordance with Chapter 53, Article 8, Section 31 of the New Mexico Statutes.

In Witness whereof, I have set my hand this 12th day of February, 2004.



Mike Davis

2/9/04



NEW MEXICO PUBLIC REGULATION COMMISSION

COMMISSIONERS

DISTRICT 1 HERB H. HUGHES
DISTRICT 2 DAVID KING
DISTRICT 3 JEROME D. BLOCK
DISTRICT 4 LYNDIA M. LOVEJOY
DISTRICT 5 E. SHIRLEY BACA



CORPORATION DEPARTMENT

1120 Paseo de Peralta/P.O. Box 1269
Santa Fe, NM 87504-1269
(505) 827-4508
1-800-947-4722

APRIL 8, 2004

LONGFORD GROUP, INC.
3077 E. WARM SPRINGS RD.
LAS VEGAS , NV 89120

RE: LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION
SCC#2442424

BE ADVISED THAT THIS COMMISSION HAS APPROVED AND FILED THE ARTICLES OF INCORPORATION, FOR THE ABOVE REFERENCED CORPORATION, EFFECTIVE APRIL 5, 2004. THE ATTACHED CERTIFICATE OF INCORPORATION SHOULD BECOME A PERMANENT DOCUMENT OF THE CORPORATION'S CORPORATE RECORDS.

THE ATTACHED CERTIFICATE DOES NOT CONSTITUTE AUTHORIZATION FOR THE ABOVE REFERENCED CORPORATION TO TRANSACT ANY BUSINESS WHICH REQUIRES COMPLIANCE WITH OTHER APPLICABLE FEDERAL OR STATE LAWS, INCLUDING, BUT NOT LIMITED TO, STATE LICENSING REQUIREMENTS. IT IS THE CORPORATION'S SOLE RESPONSIBILITY TO OBTAIN SUCH COMPLIANCE WITH ALL LEGAL REQUIREMENTS APPLICABLE THERETO PRIOR TO ENGAGING IN THE BUSINESS FOR WHICH IT HAS OBTAINED THE ATTACHED CERTIFICATE OF INCORPORATION.

REQUIRED FILING INFORMATION, WITH THE COMMISSION, FOLLOWS:

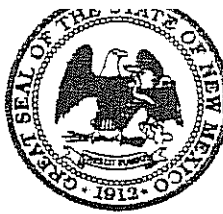
THE ENCLOSED FIRST REPORT IS TO BE COMPLETED AND FILED BY MAY 8, 2004, WITH A FILING FEE OF \$10.00. THE ORIGINAL FIRST REPORT IS TO BE FILED WITH OUR OFFICE, THE COPY IS FOR YOUR CORPORATE RECORDS. THEREAFTER, A CORPORATE REPORT MUST BE FILED ANNUALLY ON OR BEFORE THE FIFTEENTH DAY OF THE FIFTH MONTH FOLLOWING THE CORPORATION'S TAXABLE YEAR END. LATE FILING PENALTY OF \$10.00 WILL BE ADDED FOR UNTIMELY FILING OF ANY REPORT. THE FIRST REPORT IS NOT FILED IN LIEU OF ANY REQUIRED CORPORATE REPORT. THE REPORT IS REQUIRED TO BE FILED WHETHER A CORPORATION IS ACTIVE OR INACTIVE OR UNTIL SUCH TIME THAT THE CORPORATION IS RELIEVED FROM FILING THE REPORT AS REQUIRED BY LAW.

A SUPPLEMENTAL REPORT SHALL BE FILED WITHIN THIRTY DAYS IF, AFTER FILING OF THE CORPORATE REPORT, A CHANGE IS MADE AFFECTING THE REPORT. PLEASE CONTACT THIS COMMISSION FOR ADDITIONAL INFORMATION AND SUPPLEMENTAL REPORT FORMS.

THE BYLAWS IN EFFECT FOR THE CORPORATION, SIGNED BY TWO AUTHORIZED OFFICERS, SHALL BE MAINTAINED AT THE CORPORATION'S PRINCIPAL OFFICE IN NEW MEXICO AND SHALL BE SUBJECT TO INSPECTION AND COPYING BY THE PUBLIC. IF THE MOST RECENTLY ADOPTED BYLAWS ARE SO MAINTAINED, THEY SHALL NOT BE VOID. THE CORPORATION MAY CHARGE A FEE, NOT TO EXCEED ONE DOLLAR PER PAGE, TO COPY.

YOUR CANCELLED CHECK, AS VALIDATED BY THIS COMMISSION, IS YOUR RECEIPT. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CHARTERED DOCUMENT DIVISION AT (505) 827-4511 FOR ASSISTANCE.

CHARTERED DOCUMENT DIVISION
ANE



OFFICE OF THE
PUBLIC REGULATION COMMISSION

CERTIFICATE OF INCORPORATION

OF

LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION

2442424

The Public Regulation Commission certifies that the Articles of Incorporation, duly signed and verified pursuant to the provisions of the

NONPROFIT CORPORATION ACT

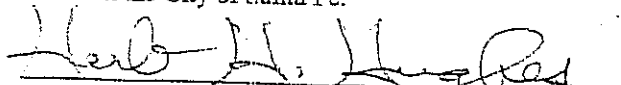
(53-8-1 to 53-8-99 NMSA 1978)

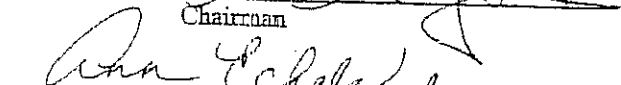
have been received by it & are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the Public Regulation Commission issues this Certificate of Incorporation & attaches hereto, a duplicate of the Articles of Incorporation.

Dated: APRIL 5, 2004

In testimony whereof, the Public Regulation of the State of New Mexico has caused this certificate to be signed by its Chairman and the seal of said Commission to affixed at the City of Santa Fe.


Chairman


Bureau Chief

Declaration of Covenants, Conditions and Restrictions

Longford Village East
Homeowners Association, Inc.

Return To: *KMG - Main*
FIDELITY NATIONAL TITLE INSURANCE CO.

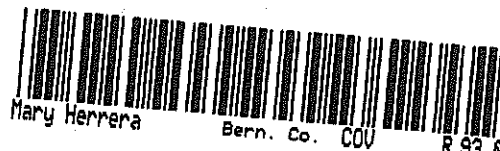
THIS DOCUMENT IS FILED FOR
RECORD BY FIDELITY NATIONAL
TITLE INS., CO. AS AN ACCOMMODATION
ONLY. IT HAS NOT BEEN EXAMINED
AS TO ITS EXECUTION OR AS TO ITS
EFFECT UPON THE TITLE.

WHEN RECORDED, MAIL TO:

Thomas A. Robinson
Longford Group, Inc.
3077 East Warm Springs Road
Las Vegas, Nevada 89120

(Space Above for Recorder's Use)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
LONGFORD VILLAGE EAST



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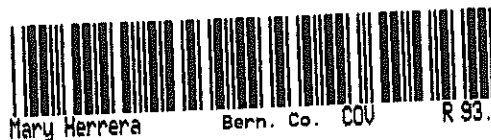
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AND RESERVATION OF EASEMENTS

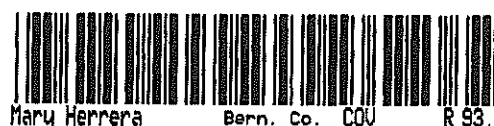
FOR

LONGFORD VILLAGE EAST

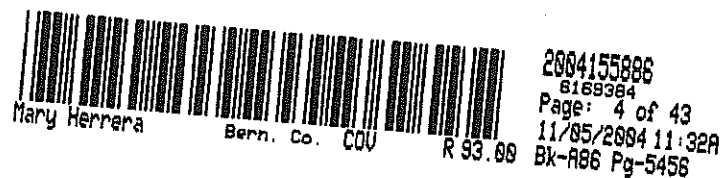
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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
LONGFORD VILLAGE EAST**

THIS DECLARATION is made by Longford Village East, LLC, a Nevada Limited Liability Company ("Declarant").

P R E A M B L E:

A. Declarant is the owner of certain real property, defined herein as Phase One (1) of LONGFORD VILLAGE EAST, and located in the unincorporated territory, County of Bernalillo, New Mexico, and described as follows:

Lots twenty-four (24), twenty-five (25), twenty-six (26), twenty-seven (27), twenty-eight (28), thirty-nine (39), forty (40), forty-one (41), forty-two (42), forty-three (43) and forty-four (44) in the Final Plat of Longford Village East (being a replat of tract B-1, COSTCO Development) recorded in the official records of Bernalillo County, New Mexico as Document 2004067360 on May 18, 2004 in Book 2004C, page 155.

B. It is the desire and intention of Declarant to create a "planned community" of detached residences to be developed in multiple phases with an initial maximum of one hundred twenty-two (122) Lots in the above described Property and the Annexable Property, as defined herein, and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the Lots within the planned community. Additional property which may be included within the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements is included in EXHIBIT "A".

C. Declarant hereby declares that all the Property included within Phase One (1) is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the protection, subdivision, maintenance, improvement and sale of the Property for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including without limitation the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons having or acquiring any right, title or interest in the Property, or any part thereof, and their successive owners and assigns.



ARTICLE I

1. Definitions. Unless otherwise expressly provided, the following words and phrases when used herein shall have the following specified meanings.

1.1 Annexable Property. Annexable Property shall mean all real property shown and described on EXHIBIT "A" attached to this Declaration.

1.2. Association. Association shall mean "LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION", Inc., a New Mexico nonprofit corporation, its successors and assigns.

1.3. Association Property. Association Property shall mean all of the real and personal property and Improvements, including perimeter walls, gates, electronic gate operator, parks and equipment, streets, curbs and parking areas and common area lighting, to which the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION shall hold fee title for the common use and enjoyment of the Members as provided herein. The Association Property in Phase One (1) of the Project shall include:

Tracts A through G more specifically described in the Final Plat of Longford Village East (being a replat of tract B-1, COSTCO Development) recorded in the official records of Bernalillo County, New Mexico as Document 2004067360 on May 18, 2004 in Book 2004C, page 155.

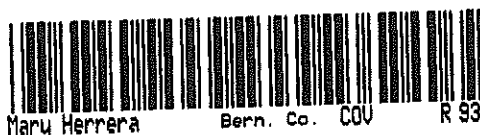
1.4. Beneficiary. Beneficiary shall mean a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or Beneficiary.

1.5. Board or Board of Directors. Board or Board of Directors shall mean the Board of Directors of the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION, which is responsible for the Association's general governance and administration.

1.6. Bylaws. Bylaws shall mean the Bylaws of the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION as adopted by the Board, as such Bylaws may be amended from time to time.

1.7. Close of Escrow. Close of Escrow shall mean the date on which a deed is Recorded conveying a Lot.

1.8. Common Expenses. Common Expenses shall mean those expenses for which the Association is responsible under the Declaration, including the actual and estimated costs of: maintenance, management, operation repair and replacement of the Association Property, unpaid Common Residential Assessments, Supplemental Assessments and Capital Improvement Assessments; costs of management and administration of the Association including, but not limited to, compensation paid by the



Association to managers, accountants, attorneys and other employees; the costs of all landscaping, security, and other services benefiting the Association Property; the costs of fire, casualty and liability insurance, workers' compensation insurance errors and omissions and director, officer and agent liability insurance, the costs of bonding of the members of the Board, and other insurance covering the Association Property, taxes paid by the Association, including any blanket tax assessed against the Association Property; amounts paid by the Association for discharge of any lien or encumbrance levied against the Property or portions thereof; and the costs of any other item or items incurred by the Association, for any reason whatsoever in connection with the Association Property, for the common benefit of the Owners. The Association shall also maintain, repair, and replace the two (2) Coach lights installed on the front of each Residence and maintain landscaping in the front yard.

1.9. Common Elements. Common Elements shall mean the Association Property.

1.10. County. County shall mean and refer to Bernalillo County, New Mexico, and its various departments, divisions and employees.

1.11. Declarant. Declarant shall mean Longford Village East, LLC, a Nevada Limited Liability Company, its successors, and any Person to which it shall have assigned any of its rights hereunder by an express written assignment.

1.12. Declaration. Declaration shall mean this instrument, as it may be amended from time to time.

1.13. Deed of Trust. Deed of Trust shall mean a Mortgage as further defined herein.

1.14. Family. Family shall mean one or more natural persons related to each other by blood, marriage or adoption, or one or more natural persons not all so related, but who maintain a common household in a Residence.

1.15. FHA. FHA shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government, which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

1.16. FHLMC. FHLMC shall mean the Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

1.17. FNMA. FNMA shall mean the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

1.18. GNMA. GNMA shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

1.19. Improvements. "Improvements" for the purpose of the Association Property shall mean sprinkler pipes, landscaping, planted trees, shrubs, paved parking spaces, playground equipment and block walls. "Improvements" for the purpose of each Lot shall include all structures and appurtenances thereto of every type and kind.

1.20. Lot. Lot shall mean any legal subdivision lot or parcel of land shown upon any recorded subdivision map or parcel map of the Project together with the improvements, if any thereon.

1.21. Member, Membership. Member shall mean any Person holding a membership in the Association, as provided in this Declaration. Membership shall mean the property, voting and other rights and privileges of Members as provided herein and in the Bylaws, together with the correlative duties and obligations contained in the Restrictions.

1.22. Mortgage. Mortgage shall mean any Recorded mortgage or deed of trust or other conveyance of one or more Lots or other portion of the Property to secure the performance of an obligation, which conveyance will be re-conveyed upon the completion of such performance.

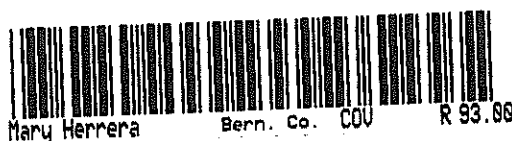
1.23. Mortgagee, Mortgagor. Mortgagee shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust. "Mortgagor" shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.24. Notice and Hearing. Notice and Hearing shall mean written notice and a hearing before the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further provided in the Bylaws.

1.25. Owner. Owner shall mean the Person or Persons, Legally recognized entity or a Person holding authority to convey title under a trust or other legally recognized document, including Declarant holding fee simple interest to a Lot. The term "Owner" shall include a seller under an executory contract of sale but shall exclude Mortgagees.

1.26. Person. Person shall mean a natural individual or any other entity with the legal right to hold title to real property.

1.27. Property or Project. Property or Project shall mean all of the real property



described in Paragraph A of the Preamble to this Declaration, together with any and all Annexable Property, which is subjected to this Declaration by Annexation Amendment pursuant to Sections 16.3 and 16.4 hereof.

1.28. Record, File, Recordation. Record, File, or Recordation shall mean, with respect to any document, the recordation or filing of such document in the Office of the Bernalillo County Recorder.

1.29. Residence. Residence shall mean a Lot, intended for use by a single Family.

1.30. Restrictions. Restrictions shall mean and refer to this Declaration of Restrictions, the Articles of Incorporation of the Association, the adopted Bylaws of the Association, and the Rules and Regulations of the Association. A copy of the initial Rules and Regulations are attached hereto as Exhibit B.

1.31. VA. VA shall mean the Department of Veterans Affairs of the United States of America and any department or agency of the United States government, which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE II

2. Association Property.

2.1. Conveyance of Association Property. The Declarant shall convey the Association Property to the Association prior to or concurrent with the first close of escrow of a Lot in Phase One (1).

2.2. Easements for the Association. The Association shall have an easement over the Association Property for performing its duties and exercising its powers described in this Declaration. The Association's obligations to maintain the Association Property shall commence on the first day of the month following the conveyance of the Association Property to the Association. Until conveyance of the Association Property to the Association, the Association Property shall be maintained by the Declarant.

2.3. Members' Easements in Association Property. Subject to the provisions of this Declaration, every Member of the Association shall have, for himself, his Family, his tenants and guests, a nonexclusive easement of access, ingress, egress, use and employment of, in, to and over the Association Property, to provide access to the Lot, if applicable, and for utilities serving the Lot and such easement shall be appurtenant to and shall pass with title to every Lot in the Project. The Board of Directors may not suspend the foregoing easements for a violation of the Restrictions and/or nonpayment of assessments.

2.4. Delegation of Use. Any Owner entitled to the right and easement of use



and enjoyment of the Association Property may delegate his right and easement to his tenants, contract purchasers or subtenants who reside in his/her Lot, subject to reasonable regulation by the Board. An Owner who has so delegated his right and easement shall not be entitled to use or enjoyment of the recreational facilities or equipment of the Association Property for so long as such delegation remains in effect.

2.5. Limitations on Easement Rights. The easements included in this Article II, Sections 2.2 to 2.4, inclusive, are subject to the following limitations:

(a) the right of the Association, acting through the Board of Directors, to mortgage the Association Property subject to such Member, Mortgagee, and agency approvals as may be provided in this Declaration.

(b) the right of the Association, acting through the Board of Directors, to convey or transfer all or any part of the Association Property, subject to such Member, Mortgagee and agency approvals as may be provided in this Declaration.

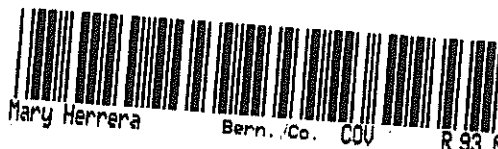
(c) the right of the Association, acting through the Board of Directors, without Member, Mortgagee and agency approvals unless provided otherwise in this Declaration, to grant easements across the Association Property for any purpose not inconsistent with the use of the Association Property by Members.

(d) the right of the Association, acting through the Board of Directors, without Member, Mortgagee and agency approvals unless provided otherwise in this Declaration, to adopt regulations governing the use of the Association Property and the personal conduct of owners, occupants, and guests thereon.

(e) the right of the Association, acting through the Board of Directors, without Member, Mortgagee and agency approvals unless provided otherwise in this Declaration, to charge reasonable admission or other fees for special or extraordinary uses of the Association Property.

(f) the right of the Association, acting through the Board of Directors, without Member, Mortgagee and agency approvals unless provided otherwise in this Declaration, and consistent with existing local jurisdiction's zoning and subdivision ordinances, to transfer part of the Association Property for the purpose of adjusting Lot lines in accordance with reasonable stated provisions (i.e. does not reduce total open space area below zoning requirements, does not materially affect development plan on file with Bernalillo County, and all Residences previously adjacent to the Association Property remain so located, unless the Owners of the Residences approve the boundary line adjustment).

(g) the right of the Association, acting through the Board of Directors, without Member, Mortgagee and agency approvals unless provided otherwise in this Declaration, to suspend the right of any Member, and the rights of such Member's household, tenants, guests, and invitees to use recreational facilities or other portions



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of the Association Property for a period not to exceed sixty (60) days, unless such rights are suspended for failure to pay assessments, in which case such rights may be suspended until the assessments are fully paid.

(h) Special Declarant's rights reserved by the Declarant, including: (i) the right to use portions of the Association Property for sales and marketing purposes; (ii) reservation of easements across the Association Property for development purposes; (iii) the right to grant, terminate, or vacate easements across the Association Property for limited purposes such as installation and maintenance of utilities, storm water management or provision of services to Lots.

2.6. Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, or effect the release of his Lot the liens and charges thereof, by waiving the use and enjoyment of the Association Property or by abandoning his Lot.

2.7. Damage by Member. To the extent permitted by New Mexico law, each Member shall be liable to the Association for any damage to the Association Property not fully reimbursed to the Association by insurance (including without limitation any deductible amounts under any insurance policies against which the Association files a claim for such damage) if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, his guests, tenants or invitees, or any other Persons deriving their right and easement of use and enjoyment of the Association Property from the Member, or his or their respective Family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be liable as described above. In the case of joint ownership of a Lot, the liability of the owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the joint owners to the contrary. After Notice and Hearing as provided in the Bylaws, the cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against such Member's Lot, and may be enforced as provided herein.

ARTICLE III

3. Maintenance Funds and Assessments.

3.1. Personal Obligation of Assessments. Declarant, for each Lot owned by it, hereby covenants and agrees to pay, and each Owner, by acceptance of a deed to a Lot whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) Annual Assessments for Common Expenses, (2) Special Assessments and (3) Capital Improvement Assessments; such assessments to



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be established and collected as provided herein. The Association shall not levy or collect any Annual Assessment, Capital Improvement Assessment or Special Assessment that exceeds the amount necessary for the purpose for which it is levied. All assessments, together with interest, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the Lot against which such assessment is made. Each such assessment (including Special Assessments), together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the assessment fell due. This personal obligation cannot be avoided by abandonment of the Lot by an offer to waive use of the Association Property. The personal obligation for delinquent assessments shall not pass to any new Owner ("Purchaser") unless expressly assumed by the Purchaser.

3.2. Maintenance Funds of Association. The Board of Directors shall establish no fewer than two (2) separate Association Maintenance Fund accounts into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) an adequate Reserve Fund for capital improvements, replacements, painting and repairs of the Association Property (which cannot normally be expected to occur on an annual or more frequent basis), and for payment of deductible amounts for policies of insurance which the Association obtains as provided in Section 5.2 hereof, and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. The Reserve Fund may be used only for common expenses that major repairs or replacement, including, streets, roads and sidewalks, front yard landscaping, playground equipment and gates and gate operating equipment, and must not be used for daily maintenance. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to be deposited into and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

3.3. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and for the operation, replacement, improvement and maintenance of the Association Property and the front yard portion of each Lot subject to this Declaration and to discharge any other obligations of the Association under this Declaration. All amounts deposited into the Maintenance Funds must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Reserve Fund are to be used. Disbursements from the Reserve Fund shall be made by the Board of Directors only for the purposes specified in this Article III. Annual Assessments shall be used to satisfy Common Expenses of the Association, as provided herein and in the Bylaws.



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3.4. Limitations on Annual Assessment Increases. The Board shall levy Annual Assessments in accordance with the following provisions:

(a) Maximum Authorized Annual Assessment for Initial Year of Operations. Until the first day of the Fiscal Year immediately following the Fiscal Year in which Annual Assessments commence, the Board may only levy an Annual Assessment per Lot in an amount which exceeds the amount set forth in the Budget prepared by the Declarant for the Project if the Board first obtains the approval of Members casting a majority of votes at a meeting or election of the Association in which more than fifty percent (50%) of the Members are represented ("Increase Election"). Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 3.4 (d).

(b) Maximum Authorized Annual Assessment for Subsequent Fiscal Years. Starting with the first Fiscal Year immediately following the Fiscal Year in which Annual Assessments commence, the Board may only levy Annual Assessments, which exceed the Annual Assessments for the immediately preceding Fiscal Year as follows:

(1) If the increase in Annual Assessments is less than or equal to ten percent (10%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board need not obtain the approval of Members casting a majority of votes in an Increase Election;

(2) If the increase in Annual Assessments is greater than either ten percent (10%) of the Annual Assessments for the immediately preceding Fiscal Year, then the Board must obtain the approval of Members casting a majority of votes in an Increase Election.

Notwithstanding the foregoing, this Section does not limit Annual Assessment increases necessary for addressing an "Emergency Situation" as defined in Section 3.4(d). In addition, this Section does not limit Annual Assessment increases necessary to pay for increased costs for insurance, taxes, and/or recycling/waste disposal.

(c) Supplemental Annual Assessments. If the Board, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Annual Assessment in an amount less than the maximum authorized Annual Assessment described above, it may levy such lesser Annual Assessment. If the Board determines that the estimate of total charges for the current year is or will become inadequate to meet all Common Expenses for the Property for any reason, it shall immediately determine the approximate amount of the inadequacy. Subject to the limitations described in Sections 3.4(a) and (b) above and (d) below, the Board shall have the authority to levy, at any time by a majority vote, a supplemental Annual Assessment reflecting a revision of the total charges to be assessed against each Lot.



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(d) Emergency Situations. For purposes of Sections 3.4(a), 3.4(b) and 3.6, an "Emergency Situation" is any one of the following:

(1) An extraordinary expense required by an order of a court;

(2) An extraordinary expense necessary to repair or maintain the Property or any portion thereof for which the Association is responsible when a threat to personal safety on the Property is discovered; and

(3) An extraordinary expense necessary to repair or maintain the Property or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the Budget. Prior to the imposition or collection of an assessment pursuant to this subparagraph (3), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with the Notice of Assessment.

3.5. Annual Assessments/Commencement-Collection. The Board of Directors shall authorize and levy the amount of the Annual Assessment upon each Lot, as provided herein, by majority vote of the Board at the Annual Meeting as provided in the By-Laws. Annual Assessments shall commence on all Lots in the Project on the first day of the first calendar month following the first Close of Escrow for the sale of a Lot in the Project or on the first day of the first calendar month following the conveyance of the Association Property for Phase One (1), to the Association, whichever shall first occur. All Annual Assessments shall be assessed equally against the Members and their Lots based upon the number of Lots owned by each Member. Annual Assessments for fractions of any month involved shall be prorated. Declarant shall pay its full pro rata share of the Annual Assessments on all unsold Lots for which Annual Assessments have commenced. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Within thirty (30) days after adoption of the Budget by the Board, the Board shall provide a summary of the budget to all Lot Owners and establish a date for a meeting of all Lot Owner's to consider ratification of the Budget not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Unless at the meeting, a majority of all Lot Owners present in person or by proxy reject the Budget, the Budget is ratified, whether or not a quorum is present at the meeting. If the proposed Budget is rejected, the periodic Budget last ratified by the Lot Owners shall continue until such time as the Lot Owners ratify a subsequent Budget proposed by the Board. Notice of change of an Annual Assessment, Special Assessment or Capital Improvement Assessment shall be sent via first-class mail to every Owner subject thereto, not less than thirty (30) nor more than sixty (60) days prior to the increased assessment becoming due. From time to time the Board may determine that all excess funds in the Operating Fund be retained by the Association and used to reduce the following year's Annual Assessment. Upon dissolution of the Association incident to the abandonment or termination of the Association Property, any amounts remaining in any of the Maintenance Funds shall be

distributed to or for the benefit of the Members in the same proportions as such monies were collected from the Members.

Each Member shall pay to the Association his Annual Assessment in installments at such frequency and in such amounts as established by the Board. Each installment of Annual Assessments may be paid by the Member to the Association in one check or in separate checks as payments attributable to deposits into specified Association Maintenance Funds. If any installment of an Annual Assessment payment is less than the amount assessed and the payment does not specify the Association Maintenance Fund or Funds into which it should be deposited, the receipt by the Association from that Member shall be credited in order of priority first to the Operating Fund, until that portion of the Annual Assessment has been satisfied, and second to the Reserve Fund.

3.6. Capital Improvement Assessments. The Board of Directors of the Association may levy, in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement or other such addition upon the Common Property including fixtures and personal property related thereto; provided that any proposed Capital Improvement Assessments in any Fiscal Year which, if added to the Capital Improvement Assessments already levied during such Fiscal Year, exceeds five percent (5%) of the Budgeted gross expenses of the Association for such Fiscal Year, shall require the vote or written consent of Members casting a majority of votes at an Increase Election. Notwithstanding the foregoing, the Board may levy in any Fiscal Year, a Capital Improvement Assessment applicable to that Fiscal Year which exceeds five percent (5%) of the Budgeted gross expenses of the Association for such Fiscal Year if such increase is necessary for addressing an Emergency Situation as defined in Section 3.4(d).

3.7. Delinquency. Any installment of an assessment provided for in this Declaration shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board of Directors of the Association. The Board shall be authorized to adopt a system pursuant to which any installment of Annual Assessments, Capital Improvement Assessments or Special Assessments not paid within thirty (30) days after the due date, plus all reasonable costs of collection (including attorneys' fees) and late charges as provided herein, shall bear interest commencing thirty (30) days from the due date until paid at the rate of up to eighteen percent (18%) per annum, but in no event more than the maximum rate permitted by law. The Board may also require the delinquent Owner to pay a late charge. The Association need not accept any tender of a partial payment of an installment of an assessment and all costs and attorneys' fees attributable thereto, and any acceptance of any such tender shall not be deemed to be a waiver of the Association's right to demand and receive full payments thereafter.

3.8. Creation and Release of Lien. The Association shall have a lien on a Lot for any assessment levied against that Lot or fines imposed against the Lot Owner from the time the assessment or fine becomes due. All fees, charges, late charges, and fines, are subject to the limitations set forth herein, and interest charged in accordance with

the New Mexico Statutes are enforceable as assessments. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment thereof becomes due. A lien is prior to all other liens and encumbrances on a lot except: (a) liens and encumbrances recorded before the recordation of this Declaration; (b) a first security interest on the Lot recorded before the date on which the assessment sought to be enforced becomes delinquent; and (c) liens for real estate taxes and other governmental assessments or charges against the Lot. The lien is also prior to the first security interest described herein as (b) to the extent of the assessments for common expenses based on the periodic budget adopted by the Association which would have become due in the absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien. The language provided for herein does not affect the priority of mechanic's or materialman's liens, or the priority of liens for other assessments made by the Association. Recordation of this Declaration constitutes record notice and perfection of the lien provided for herein. No further recordation of any claim of lien for assessment is required. A lien for unpaid assessments is extinguished unless a proceeding to enforce the lien is instituted within three (3) years after the full amount of the assessment becomes due.

Notwithstanding the language provided for herein, the Association is not prohibited from actions to recover sums provided for herein nor is prohibited from taking a deed in lieu of foreclosure. A judgment or decree in any action brought under this section must include costs and reasonable attorney's fees for the prevailing party.

The Association, upon written request shall furnish to a Lot Owner a statement setting forth the amount of unpaid assessments against the Lot. The statement must be in recordable form. The statement must be furnished within ten (10) business days after receipt of the request, and is binding on the Association, the Board of Directors of the Association and each Owner of a Lot.

3.9. Enforcement of Liens. It shall be the duty of the Board of Directors to enforce the collection of any amounts due under this Declaration by one or more of the alternative means of relief afforded by this Declaration. The lien on a Lot enforced by sale of the Lot conducted by the Association, the Association attorneys, any title insurance company authorized to do business in New Mexico or other persons authorized by the Association to conduct the sale as a trustee, after failure of the Owner to pay any Annual or Capital Improvement assessment, or installment thereof, as provided herein. The sale shall be conducted in accordance with the provisions of the New Mexico Statutes applicable to the exercise of powers of sale in mortgages and deeds of trust or in any manner permitted by law.

3.10. Priority of Assessment Lien. The lien of the assessments provided for herein, including interest and costs (including attorneys' fees), shall be subordinate to the lien of any previously Recorded first Mortgage upon one or more Lots. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or non-judicial foreclosure of a first Mortgage shall



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extinguish the lien of such assessments as to payments, which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liens for any assessments thereafter becoming due. When the Beneficiary of a first Mortgage of record or other purchaser of a Lot obtains title pursuant to a judicial or non-judicial foreclosure of the first Mortgage, such Person, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such Person. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Owners of the Lot including such Person, his successors and assigns.

3.11. Capital Contributions to the Association. Upon acquisition of a Lot from Declarant, each Owner of a Lot in each Phase of the Project subject to this Declaration shall contribute to the capital of the Association an amount equal to one-sixth (1/6th) of the amount of the then Annual Assessment for that Lot as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed there from to the Association or to Declarant if Declarant has previously advanced such funds to the Association, unless such funds were paid by the Declarant to the Association as an Owner of a Lot.

ARTICLE IV

4. Declarant's Rights and Reservations.

4.1. Declarant's General Rights and Reservations. Nothing in this Declaration of Restrictions shall limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant to subdivide or re-subdivide any portion of the Property, or to complete Improvements to and on the Property owned solely or partially by Declarant, or to alter the foregoing or its construction plans and designs, or to alter such additional Improvements as Declarant deems advisable in the course of development of the Property so long as any Lot in the Project remains unsold. The rights of Declarant hereunder shall include but shall not be limited to, the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of its business of completing the work and disposing of the Lots by sale resale, lease or otherwise. Each Owner by accepting a deed to a Lot hereby acknowledges that the activities of Declarant may temporarily or permanently impair the view of such Owner and may constitute an inconvenience or nuisance to the Owners, and hereby consents to such impairment, inconvenience or nuisance. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title to a Lot in the Project by a purchaser from Declarant to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Declarant shall have the discretion to use any Lots owned by Declarant, or its assigns, in the Project as model home complexes, real estate sales or leasing offices for the sale of Lots within the Project or for the sale of Lots future development of similar products on any real property owned by Declarant or its assigns.



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Declarant need not seek or obtain Architectural Committee approval of any Improvement constructed or placed on any portion of the Property by Declarant. The rights of Declarant hereunder and elsewhere in these Restrictions may be transferred by Declarant to any successor in interest to any portion of Declarant's interest in any portion of the Property. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property will be required before any amendment to this Article shall be effective. Each Owner hereby grants, upon acceptance of the Deed to the Lot, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article. Declarant and its prospective purchasers of Lots shall be entitled to the nonexclusive use of the Association Property and any recreational facilities thereon, without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to its prospective purchasers and dispose of the Property as provided herein. Declarant, its successors and tenants, shall also be entitled to the nonexclusive use of any portions of the Property which comprise private streets, drives and walkways for the purpose of ingress, egress and accommodating vehicular and pedestrian traffic to and from the Property. The use of the Association Property by Declarant shall not unreasonably interfere with the use thereof by other Owners. The Association shall provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefore. The rights and reservations of Declarant set forth in this Article IV shall terminate on the tenth (10th) anniversary of the first Close of Escrow for the sale of a Lot in the Project.

4.2. Declarant's Right to Appoint and Remove Directors. Declarant shall have the right to appoint and remove the members of the Board of Directors until one hundred percent (100%) of the Lots subject to the Declaration have been sold and closed to retail purchasers.

ARTICLE V

5. Insurance.

5.1. Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide insurance on the Lot and the personal property within the Residence. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his Lot. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable there under shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are applied. Each Owner of a Lot shall provide the

Board of Directors with a copy of the insurance obtained by the Owner of a Lot in accordance with this Section 5.1.

5.2. Duty of Association to Obtain Insurance: Types.

(a) Public Liability. The Board shall cause to be obtained and maintained adequate blanket public liability insurance including medical payments), with such limits as may be considered acceptable to FNMA (not less than \$1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association with respect to maintenance of the Association Property.

(b) Fidelity Bond. Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to one fourth (1/4) of the Annual Assessments on all Lots in the Property, plus reserve funds.

(c) Insurance Required by FNMA, GNMA and FHLMC.

The Association shall continuously maintain in effect such casualty, liability insurance, and fidelity bond coverage meeting the insurance and fidelity bond requirements for planned unit developments established by FNMA, GNMA and FHLMC, so long as any of which is a Mortgagee or Owner of a Lot within the Property except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

(d) Other Insurance. The Board of Directors may purchase such other insurance, including flood insurance, as necessary, with respect to planned developments similar in construction, location and use.

(e) Beneficiaries. Such insurance shall be maintained for the benefit of the Members of the Association.

5.3. Waiver of Claims Against Association. As to all policies of insurance maintained by or for the benefit of the Association and its members, the Association and its Members hereby waive and release all claims against one another, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

5.4. Notice of Expiration Requirements. If available, each of the policies of



insurance maintained by the Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without ten (10) days prior written notice to any insurance trustee named pursuant to Section 9.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

5.5. Insurance Premiums. Insurance premiums for any insurance coverage obtained by the Association and deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners. That portion of the Annual Assessments necessary for the required insurance premiums shall be separately accounted for by the Association in the Reserve Fund, to be used solely for the payment of premiums of required insurance as such premiums become due.

5.6. Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. Unless the applicable insurance policy provides for a different procedure for the filing of claims, all claims made under such policy shall be sent to the insurance carrier or agent, as applicable, by certified mail and be clearly identified as a claim. A record of all claims made shall be kept by the Association. All insurance proceeds under any such policies as provided for in Section 5.2 of this Article shall be paid to the Board of Directors as trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in this Declaration. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. A representative chosen by the Board may be named as an insured, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions necessary to accomplish this purpose.

5.7. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender,



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cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five percent (75%) of the first mortgages held by first Mortgagees who have filed requests under Section 9.4. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

5.8 Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.1 below. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Association Property except for the foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

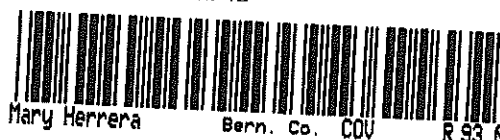
ARTICLE VI

6. Rights of Mortgagees. Notwithstanding any other provisions of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon one (1) or more Lots made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot(s) shall remain subject to this Declaration, as amended. For purposes of this Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage. For purposes of any provision of this Declaration or the other Restrictions that require the vote or approval of a specified percentage of first Mortgagees, such vote or approval shall be determined based upon one (1) vote for each Lot encumbered by each such first Mortgagee. In order to induce VA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Lots within the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Restrictions, these added provisions shall control):

(a) Each Beneficiary, insurer and guarantor of a first Mortgage encumbering one (1) or more Lots, upon filing a written request for notification with the Board, is entitled to written notification from the Association of:

(1) any condemnation or casualty loss which affects either a material portion of the Project or the Lot(s) securing the respective first Mortgage; and

(2) any delinquency of sixty (60) days or more in the performance of any obligation under the Restrictions, including without limitation the payment of assessments or charges owed by the Owner(s) of the Lot(s) securing the respective first Mortgage, which notice each Owner hereby consents to and authorizes; and



(3) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond maintained by the Association; and

(4) any proposed action of the Association, which requires consent by a specified percentage of first Mortgagees.

(b) Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot who obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of the Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Restrictions.

(c) Each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot, pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such Mortgagee acquires title to such Lot in accordance with Section 3.10.

(d) Unless at least sixty-seven percent (67%) of the first Mortgagees or sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

(1) by act or omission seek to abandon or terminate the Project and/or this Declaration; or

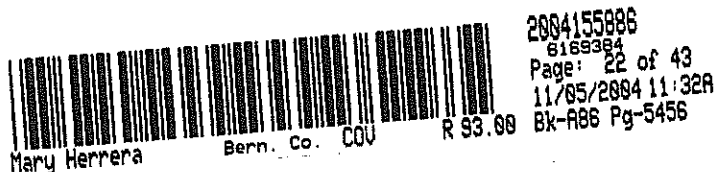
(2) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distributions of hazard insurance proceeds or condemnation awards or determine the pro rata share of ownership of each Lot in the Project; or

(3) partition or subdivide any Lot; or

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Association Property. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Association Property under this Declaration, and the granting of exclusive easements to Owners over portions of the Association Property to conform the boundaries of the Association Property to the as-built location of Improvements installed or constructed by Declarant shall not be deemed a transfer within the meaning of this clause); or

(5) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design, the exterior appearance or the maintenance of the Lots or the Association Property; or

(6) fail to maintain or cause to be maintained Fire and Extended Coverage insurance on insurable Association Property as provided in Article V of this



Declaration; or

(7) use hazard insurance proceeds for losses to any Lot property (i.e., Improvements to the Lots) for other than the repair, replacement or reconstruction of such Lot property, subject to the provisions of this Declaration; or

(8) change the method of determining the obligations, assessments, other charges that may be levied any Owner.

(e) All Beneficiaries, insurers, and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

(1) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours; and

(2) require the Association to submit an annual audited financial statement without expense to the entity requesting the statement; and

(3) upon written request, receive written notice of all meetings of Owners; and

(4) designate in writing a representative who shall be authorized to attend all meetings of Owners.

(f) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request, shall be given thirty (30) days' written notice prior to the effective date of (1) any proposed, material amendment to the Restrictions; (2) any termination of an agreement for professional management of the Property following any decision of the Owners to assume self-management of the Project; and (3) any proposed termination of the Property as a Planned Unit Development.

(g) The Reserve Fund described in the Declaration must be funded by regular scheduled monthly, quarterly, semiannual or annual payments rather than by large special assessments.

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to employees of the professional Manager.

(i) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Lots, if such agencies approve the Property as a qualifying subdivision under their respective

policies, rules and regulations, as adopted from time to time. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

(j) When professional management has been previously required by written request delivered to the association by a Beneficiary, insurer or guarantor of a first Mortgage, any decision to establish self-management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Lot Owners and the Beneficiaries of fifty-one percent (51%) of the first Mortgages of Lots in the Project.

(k) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Association Property, and First Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

ARTICLE VII

7. Duration and Amendment.

7.1. Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date of Recordation hereof, after which the term shall be automatically extended for successive periods of ten (10) years, unless an Agreement to Terminate is Recorded. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot from the concomitant Membership in the Association, as long as this Declaration shall continue in full force and effect.

7.2. Approval of Amendment to Declaration.

(a) The Beneficiaries of fifty-one percent (51%) of the first Mortgages on all the Lots in the Project who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration which is of a material nature, as follows:

(1) Any amendment, which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in Article VI hereof.

(2) Any amendment, which would necessitate a Mortgagee after it, has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(3) Any amendment, which would or could result in a Mortgage being



canceled by forfeiture, or in a Lot not being separately assessed for tax purposes.

(4) Any amendment relating to the insurance provisions as set out in Article V hereof, or to the application of insurance proceeds as set out in Article V hereof, or to the disposition of any money received any taking under condemnation proceedings.

(5) Any amendment, which would or could result in partition or subdivision of a Lot in any manner inconsistent with the provisions of this Declaration.

(6) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Lot is proposed to be sold, transferred, or otherwise conveyed.

(7) Any amendment concerning:

(A) Voting rights;

(B) Rights to use the Association Property;

(C) Reserves and responsibility for maintenance, repair and replacement of the Association Property;

(D) Boundaries of any Lots;

(E) Owners' interests in the Association Property;

(F) Convertibility of Association Property into Lots or Lots into Association Property;

(G) Leasing of Lots;

(H) Establishment of self-management by the Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage;

(I) Annexation or de-annexation of real property to or from the Property; or

(J) Assessments, assessment liens, or the subordination of such liens.

(b) Termination of this Declaration shall require approval by the Members as provided in Section 7.1. No such termination shall be effective unless it is also approved in advance either by fifty-one percent (51%) of the Beneficiaries of the first Mortgages on all of the Lots in the Project (if said termination is proposed by reason of

the substantial destruction or condemnation of the Project) or by sixty-seven percent (67%) of such Beneficiaries (if said termination is for reasons other than such destruction or condemnation).

(c) Each Beneficiary of a first Mortgage on a Lot in the Project which receives proper written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within thirty (30) days after the Beneficiary receives the notice.

(d) A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by two (2) officers of the Association that the requisite number of Owners and mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages shall include a certification that the requisite approval of such first Mortgages has been obtained.

(e) Notwithstanding any other provisions of this Section 7.2, at any time prior to the first Close of Escrow for the sale of a Lot within the Project, Declarant may unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(f) Notwithstanding any other provisions of this Section 7.2, for so long as Declarant owns any portion of the Property, Declarant may unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of VA, FHA, FNMA, GNMA or FHLMC then in effect.

7.3. Approval of Material Amendment to Declaration and/or Extraordinary Actions by Members after Declarant Control Period.

(a) Sixty-seven percent (67%) of the Owners of the Lots in the Project must approve any amendment to this Declaration, which is of a material nature, as follows:

(1) An amendment, which includes adding, deleting, or modifying any provision regarding the following:

(a) Assessment basis or assessment liens;

(b) Any method of imposing or determining any changes to be levied against individual Lot Owners;



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(c) Reserves for maintenance, repair, or replacement of Association Property improvements;

(d) Maintenance obligations;

(e) Allocation of rights to use the Association Property;

(f) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;

(g) Reduction of insurance requirements;

(h) Restoration or repair of Association Property improvements;

(i) The addition, annexation or withdrawal of land to or from the Project;

(j) Voting rights;

(k) Restrictions affecting leasing or sale of a Lot;

(l) Any provision that is for the express benefit of mortgagees.

(2) Any amendment that concerns an "extraordinary action". An extraordinary action includes:

(a) Merger or consolidation of the Association (other than with another non-profit entity formed for purposes similar to the Project Association);

(b) A determination not to require professional management if professional management is required by the Restrictions, a majority of eligible mortgagees, or a majority vote of the Members;

(c) Expansion of the Association to include real property not included in this Declaration as "annexable property", which results in an increase of the real property in the Project or the number of Lots in the Project by more than ten percent (10%).

(d) Abandoning, partitioning, encumbering, mortgaging, conveying, selling or otherwise transferring or relocating the boundaries of the Association Property except for (i) granting easements which are not inconsistent with or which do not interfere with the intended use of the Association Property; (ii) dedicating Association Property as required by a public authority; (iii) limited boundary line adjustments made in accordance with the provisions of this Declaration; (iv) transferring Association Property pursuant to a merger or consolidation with a non-profit entity formed for

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purposes similar to the Project Association).

(e) Using insurance proceeds for purposes other than the construction or repair of the insured Improvements;

(f) Making capital expenditures (other than for repair or replacement of existing improvements) during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget).

7.4. VA/FHA Approval. During the Declarant control period, as set forth in the Restrictions, all material amendments and extraordinary actions must have the approval of the VA, if the VA has guaranteed any loans secured by Lots, and/or the FHA, if the FHA has insured any loans secured by Lots, in the Project.

7.5. Protection of Declarant. Until the tenth (10th) anniversary of the first Close of Escrow for the sale of a Lot in the Project, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or sell or lease Lots therein in accordance with this Declaration shall become effective.

Notwithstanding any other provisions of the Restrictions, until such time as Declarant no longer owns any Lots in the Property, the following actions, before being undertaken by the Association, shall first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and action specified in Section 7.2;

(b) The levy of a Capital Improvement Assessment for the construction of new facilities not constructed on the Association Property by Declarant; or

(c) Subject to Article III regarding limitations on Annual Assessment increases, any significant reduction of Association maintenance or other services.

ARTICLE VIII

8. General Provisions.

8.1. Enforcement of Restrictions.

(a) Violations Identified by the Association. If the Board determines that there is a violation of any provision of the Restrictions, then the Board shall give written notice to the responsible Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation.

i. If an Owner does not perform such corrective action as is required



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by the Board within the allotted time, the Board, after Notice and Hearing, may undertake to remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. Such Special Assessment shall be subject to enforcement and collection by the Board in accordance with the procedures provided for in this Declaration.

- ii. If the violation involves nonpayment of any type of Assessment, then the Board shall be entitled to collect such delinquent Assessment pursuant to the procedures set forth in Article III.

(b) Violations Identified by an Owner. In the event that an Owner alleges that another Owner, his family, guests or tenants, is violating the Restrictions (other than nonpayment of any type of Assessment), the Owner must first submit the matter to the Board pursuant to the Notice and Hearing procedure established in the Bylaws before the complaining Owner may resort to a court of law for relief with respect to the alleged violation.

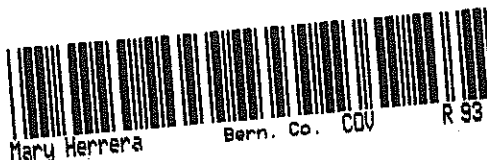
(c) Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, his family, guests, employees, invitees or tenants, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; provided, however, that the procedures established in Sections 8.1(a) and (b) above must first be followed, if they are applicable.

(d) Limitation on Expenditures. The Association shall not incur litigation expenses, including without limitation, attorneys' fees, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings without the approval of a majority of the voting power of the Association, excluding the voting power of any Owner who would be a defendant in such proceedings.

(e) Schedule of Fines. The Board may adopt a schedule of reasonable fines or penalties that, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, or of a resident of or visitor to such Owner's Unit, to comply with any provisions of the Restrictions. Such fines or penalties may only be assessed by the Board after Notice and Hearing.

(f) No Waiver. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision, or any other provision hereof.

(g) Right to Enforce. The Board, any Owner (not at the time in default hereunder), or Declarant (so long as Declarant is an Owner) shall be entitled to enforce the Restrictions as described in this Article. Each Owner shall have a right of action against the Association for the Association's failure to comply with the Restrictions. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.



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(h) Attorneys Fees. Any judgment rendered in any action or proceeding pursuant to this Declaration shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and costs of court.

8.2. Severability. The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

8.3. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential planned community and for the maintenance of Association Property, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise.

8.4. No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use.

8.5. Notices. Except as otherwise provided in this Declaration, notice to be given to an Owner shall be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one or more co-owners of a Lot or to any general partner of a partnership owning a Lot shall be deemed delivery to all co-owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Lot. Such notice shall be deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board of Directors in which case the notice provisions of the Bylaws of the Association shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

8.6. Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title estate or interest in or to any Lot or other portion of the Property does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is



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contained in the instrument by which such person acquired an interest in the Property, or any portion thereof.

8.7. Use of Recreational Facilities. The Board of Directors shall have the right to limit the number of guests that an Owner or such Owner's tenant may permit to use the open parking and recreational facilities on the Association Property, and the Board shall have the right to set further reasonable restrictions on the time and manner of use of said parking areas and recreational facilities, in accordance with the Rules and Regulations, including, without limitation, Rules and Regulations restricting or prohibiting the use of all or designated portions of the Property recreational facilities by minors, guests of an Owner or his tenants.

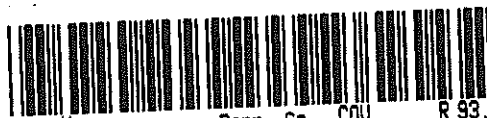
8.8. No Representations or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant, or its agents or employees in connection with the Property, or any portion thereof, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned development, except as specifically and expressly set forth in this Declaration.

ARTICLE IX

9. Annexation of Additional Property.

9.1. Annexation of Additional Property by Declarant. Declarant, its successors and assign, shall have the right to annex all or a portion of the real property described on EXHIBIT "A" and to subject said property to the general plan and scheme of this Declaration without the approval of the Owners of Lots other than the Declarant, provided that the improvements to be constructed thereon are substantially completed prior to annexation. Any improvements on property annexed to this Declaration shall be consistent in terms of quality of construction with the initial improvements on the Lots in Phase One (1). The rights of the Declarant, its successors and assigns, provided for herein shall terminate on the seventh (7th) anniversary of the recordation of this Declaration.

9.2. Annexation of Additional Property other than by Declarant. Additional real property other than described on EXHIBIT "A" attached hereto may be annexed to the Project and included within the general plan and scheme of this Declaration upon approval of: (a) all owners of such additional real property, and (b) at least sixty-seven percent (67%) of the Owners of Lots subject to this Declaration, provided, however, that the amount of real property annexed pursuant to this Section shall not exceed ten percent (10%) of the original property and the number of Lots in the Project shall not in any event exceed the maximum number of Lots which the Declarant has herein reserved to create.



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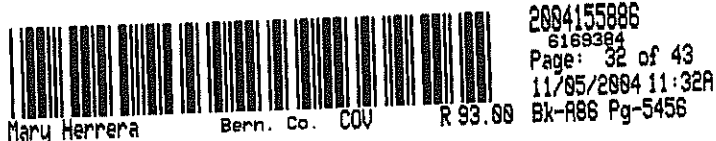
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9.3. Rights and Obligations of Owners of Additional Property. Upon the recordation of an "Annexation Amendment", all provisions included within this Declaration shall be applicable to the real property described in said Annexation Amendment in the same manner as if it were originally covered by this Declaration. Thereafter, the rights, powers, and responsibilities of the parties to this Declaration with respect to the additional property shall be the same as with respect to the property described in Phase One (1) herein, and the rights, powers, and responsibilities of the Owners, lessees, and occupants of Lots within the additional property, as well as within the property described as Phase One (1) herein, shall be the same as if the additional property were originally covered by this Declaration. Upon recordation of an Annexation Amendment the Owners of Lots located in the annexed property shall share in the payment of assessments to the Association. Voting rights attributable to the Lots in the annexed property shall not vest until assessments have commenced as to said Lots.

9.4. Annexation Amendment. The addition of Annexable Property authorized herein shall be completed by recording of an Annexation Amendment, to this Declaration which shall: (a) describe the additional property; (b) assign an identifying number to each new Lot created; (c) reallocate the allocated interests among all Lots; (d) describe any Common Areas; and (e) designate the Lots to which any Exclusive Use Areas created thereby are appurtenant. The Annexation Amendment shall be signed by the Declarant. The Annexation Amendment shall be signed by the Owner(s) of the additional property and the President of the Association, on behalf of the Owners of Lots subject to this Declaration. Upon recordation of this Annexation Amendment, the additional property shall: (a) become part of the Project; (b) be subject to this Declaration and encompassed within the general plan and scheme of covenants, conditions, restrictions, reservation of easements and equitable servitudes contained herein; (c) be subject to the functions, powers, and jurisdiction of the Association; and (d) the Owners of Lots in the additional property shall automatically become Members of the Association.

9.5. De-annexation of Additional Property. Declarant may de-annex all or a portion of the additional property annexed to the Project by recordation of an "Amended Annexation Amendment" provided that: (a) Declarant is the Owner of all of the Lots included within the Amended Annexation Amendment; (b) the Amended Annexation Amendment is recorded in the same manner as the original Annexation Amendment; (c) Declarant has not exercised any Association vote with respect to any portion of the additional property; (d) assessments in accordance with the Declaration have not yet commenced with respect to any portion of the additional property; (e) close of escrow has not occurred for the sale of any Lot in the additional property; (f) the Association has not made any expenditures or incurred any obligations with respect to any portions of the additional property; and (g) the recorded Amended Annexation Amendment is submitted to and approved by the VA/FHA as applicable.



ARTICLE X

10. Design Guidelines

10.1. Architecture, Landscaping and Aesthetic Standards. All site work, landscaping, structures, improvements, and other items placed on a Unit in a manner or location visible from outside of any existing structures ("Improvements") are subject to standards for design, landscaping, and aesthetics adopted pursuant to this section ("Design Guidelines") and the approval procedures set forth in this section, except as this section or the Design Guidelines may otherwise specify.

(a) No prior approval is necessary to repaint the exterior of existing structures using the most recently approved color scheme or to rebuild or restore any damaged structures in a manner consistent with the plans and specifications most recently approved for such structures. Generally, no approval is required for work done to the interior of a structure; however, modifications to the interior of screened porches, patios, and any other portions of a structure visible from outside of the structure do require prior approval.

(b) Any dwelling constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect unless the Declarant or its designee in its sole discretion otherwise approves. Approval under this section is not a substitute for any approvals or reviews required by the City of Albuquerque or any municipality or governmental agency or entity having jurisdiction over architectural or construction matters. This section shall not apply to the Declarant's design and construction activities or to the Association's activities during the Declarant Control Period.

10.2. Declarant Design Review Authority. The Declarant shall have exclusive authority to review and act upon all applications for review of proposed Improvements until the later of (i) the expiration of the Development and Sale Period, or (ii) such time as all Units planned for the Property have been improved with dwellings for which a certificate of occupancy has been issued. The Declarant may designate one or more persons to act on its behalf in reviewing any application. In reviewing and acting upon any request for approval, the Declarant and its designee act solely in the Declarant's interest and owe no duty to any other Person.

(a) From time to time, the Declarant may delegate any or all of its rights under this section to other Persons or committee, including the committee appointed pursuant to Section 10.3(b). Any such delegation shall be in writing, shall specify the scope of responsibilities delegated, and shall be subject to (i) the Declarant's right to revoke such delegation at any time and reassume its prior control, and (ii) the Declarant's right to veto any decision which it determines, in its discretion, to be inappropriate or inadvisable. So long as the Declarant has any rights under this section, the jurisdiction of others shall be limited to such matters as the Declarant specifically



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delegates.

10.3 Design Review Committee. Upon the Declarant's delegation of authority pursuant to Section 10.2(a), or upon expiration or termination of the Declarant's rights under this section, the Board shall appoint a Design Review Committee ("**Design Review Committee**" or "**DRC**") to assume jurisdiction over matters within the scope of the delegated authority or this section, respectively. The DRC shall consist of at least three persons, who shall serve and may be removed and replaced in the Board's discretion. DRC members need not be Owners or representatives of Owners. The DRC may, but need not, include architects, engineers, or similar professionals. The Association may compensate DRC members in such manner and amount, if any, as the Board may determine appropriate.

(a) Until expiration of the Declarant's rights under this section, the DRC shall notify the Declarant in writing within three business days of any action (*i.e.*, approval, partial approval, approval with conditions, or disapproval) it takes under this section. A copy of the application and any additional information the Declarant may require shall accompany the notice. The Declarant shall have 10 business days after receipt of such notice to veto any such action, in its discretion, by written notice to the DRC.

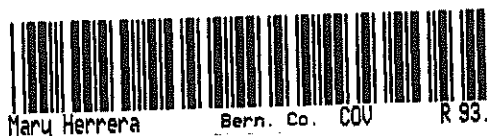
(b) Unless and until such time as the Declarant delegates all or a portion of its reserved rights to the DRC or the Declarant's rights under this Section terminate, the Association shall have no jurisdiction over architectural matters.

10.4 Reviewer. For purposes of this section, the entity having jurisdiction in a particular case shall be referred to as the "**Reviewer.**"

10.5 Fees; Assistance. The Reviewer may establish and charge reasonable fees for its review of applications and may require that such fees be paid in advance. Such fees may also include reasonable costs incurred in having professionals review any application. The Board may include the compensation of such persons in the Association's annual operating budget.

10.6 Guidelines. The Declarant may prepare the initial Design Guidelines, which may contain general provisions applicable to all of Longford Village East as well as specific provisions that vary among uses, housing types, or locations within the Community. The Design Guidelines are intended to provide guidance to Owners and contractors regarding matters of particular concern to the Reviewer. The Design Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Design Guidelines does not guarantee approval.

(a) The Declarant shall have sole and full authority to amend the Design Guidelines for so long as it has review authority under Section 10.2. The Declarant's right to amend the Design Guidelines shall continue even if it delegates reviewing authority to the DRC, unless the Declarant also delegates the power to



amend to the DRC. Upon termination or delegation of the Declarant's right to amend, the DRC may amend the Design Guidelines with the Board's consent.

(b) Amendments to the Design Guidelines shall apply prospectively only. They shall not require modifications to or removal of any structures previously approved once the approved construction or modification has begun. However, any new work on such structures must comply with the Design Guidelines as amended. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may eliminate requirements previously imposed or otherwise make the Design Guidelines less restrictive.

(c) The Reviewer shall make the Design Guidelines available to Owners and their contractors upon request. In the Declarant's discretion, such Design Guidelines may be recorded, in which event the recorded version, as it may be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

10.7. Procedures. Unless the Design Guidelines provide otherwise, no activities within the scope of this section (as described in Section 10.1) may begin on any property within Longford Village East until a written application is submitted to and approved by the Reviewer. The application must be accompanied by plans and specifications and such other information as the Reviewer or the Design Guidelines require.

(a) In reviewing each application, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of the proposed external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that such determinations are purely subjective and that opinions may vary as to the desirability and/or attractiveness of particular improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to judicial review so long as they are made in good faith and in accordance with required procedures.

(b) The Reviewer shall make a determination on each application after receipt of a completed application with all required information. The Reviewer may permit or require that an application be submitted or considered in stages, in which case a final decision shall not be required until after the final, required submission. The Reviewer may (i) approve the application with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer shall notify the applicant in writing of the final determination on any application no later than 30 business days after its receipt of a completed application and all required submissions; however, with respect to any DRC determination subject to the Declarant's veto right under Section 10.2(b), the Reviewer shall notify the applicant of the final determination within 40 business days after its receipt of the final determination and all required submissions. Notice shall be deemed

given at the time the envelope containing the response is deposited in the U.S. mail. Hand delivery, facsimile, electronic mail, or similar delivery of such written notice also shall be sufficient and shall be deemed given at the time of confirmed delivery to the applicant. If the Reviewer fails to respond in a timely manner, approval shall be deemed denied. However, no approval, whether expressly granted or deemed granted, shall be inconsistent with the Design Guidelines unless a written variance has been granted pursuant to Section 10.6.

(c) As part of any approval, the Reviewer may require that construction commence within a specified time period. If construction does not commence within the required period, the approval shall expire, and the Owner must reapply for approval before commencing any activities. Once construction is commenced, it shall be diligently pursued to completion. All work shall be completed within six months (6) of commencement unless otherwise specified in the notice of approval or unless the Reviewer, in its discretion, grants an extension in writing.

(d) The Reviewer may exempt certain activities from the application and approval requirements of this section if such activities are undertaken in compliance with the Design Guidelines and the Community-Wide Standard.

10.8 Appeals Process. After the Board's appointment of the DRC, an applicant may appeal any disapproval of its application to the Board. To request an appeal, the applicant must submit to the Association's Secretary, no later than 16 days after the delivery of the notification of disapproval, a copy of the original application, the notification of disapproval, and a letter requesting review of the decision. The appeal request shall also contain a response to any specific concerns or reasons for disapproval listed in the notification of disapproval. The Board may (i) affirm the DRC's decision, (ii) affirm a portion and overturn a portion of the DRC's decision, or (iii) overturn the DRC's entire decision. The Board shall notify the applicant and the DRC in writing of its decision no later than 30 days after its receipt of the request for appeal with all required information. The Board's decision shall include a description of its reasons for overturning the DRC's decision. During the appeal process the Owner shall not commence any work requiring approval hereunder.

10.9. No Waiver of Future Approvals. The people reviewing applications under this section will change from time to time, and opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. It may not always be possible to identify objectionable features until work is completed. In such cases, the Reviewer may elect not to require changes to objectionable features. However, the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans shall not constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

10.10. Variances. The Reviewer may authorize variances from compliance with any of the Design Guidelines and any procedures when it determines that



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circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations justify such a variance, however, the Reviewer shall under no circumstances be obligated to grant variances. No variance shall (a) be effective unless in writing; (b) be contrary to this section; or (c) prevent the Reviewer from denying a variance in other circumstances. A variance requires the Declarant's written consent during the Development and Sale Period and, thereafter, requires the Board's written consent.

10.11. Limitation of Liability. This section establishes standards and procedures as a mechanism for maintaining and enhancing the overall aesthetics of Longford Village East; they do not create any duty to any Person. Review and approval of any application pursuant to this section may be based purely on aesthetic considerations. The Reviewer is not responsible for the structural integrity or soundness of approved construction or modifications, for compliance with building codes and other governmental requirements, or for ensuring that all dwellings are of comparable quality, value, size, or design, or are aesthetically pleasing or otherwise acceptable to other Owners.

(a) The Declarant, the Association, its officers, the Board, any committee, and member of any of the foregoing shall not be liable for (a) soil conditions, drainage, or other general site work; (b) any defects in plans revised or approved hereunder; (c) any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents, whether or not the Declarant has approved or featured such contractor as a Builder; or (d) any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Unit. In all matters, the Association shall defend and indemnify the Board, the DRC, and the members of each, as provided in the By-Laws.

10.12. Certificate of Compliance. Any Owner may request in writing that the Reviewer issue a certificate of compliance certifying that there are no known violations of this section or the Design Guidelines. The Association shall either grant or deny such written request within 30 days after receipt and may charge a reasonable administrative fee. Issuance of such a certificate shall prevent the Association from taking enforcement action against an Owner for any condition known to the Association on the date of such certificate.

SIGNATURES ON FOLLOWING PAGE


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This Declaration is dated 27th of October 2004 for identification purposes.

Longford Village East, LLC,
a Nevada Limited Liability Company

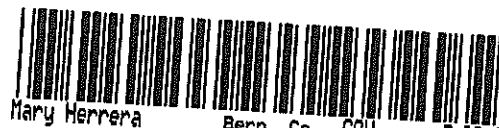
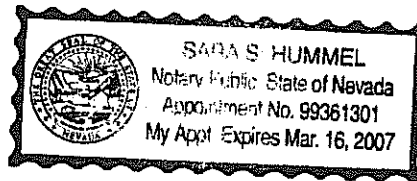
By: Longford Group, Inc., Manager

By: Susan Berger
Susan Berger, Vice President

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On this 27th day of October, 2004, personally appeared before me, the undersigned, a Notary Public, **Susan Berger**, personally known to me to be the person whose name subscribed to the above instrument, who acknowledged that he executed the instrument.

Sara S. Hummel
Notary Public



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SUBORDINATION

The undersigned, as holder of the beneficial interest in and under that certain MORTGAGE, ASSIGNMENT, SECURITY AGREEMENT AND FINANCING STATEMENT dated January 28, 2004 and recorded on January 30, 2004 in Book A72 Page 2877 as Document No. 2004013018 of Official Records of County of Bernalillo, New Mexico (the "Mortgage"), which Mortgage is by and between Bank of America N.A as Lender and Longford Village East, LLC as Grantor, hereby expressly subordinates said Mortgage and its beneficial interest thereunder to the foregoing DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR LONGFORD VILLAGE EAST ("Declaration") and to all maintenance and other easements to be conveyed to the Association in accordance with the Declaration. By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Property by foreclosure or any other remedy in or relating to the Mortgage, the undersigned will acquire title subject to the provisions of the Declaration, and any recorded amendments thereto, which shall remain in full force and effect.

Dated: 11/3, 2004.

By: Bob R. Croft
Bob R. Croft
Its: Vice President

STATE OF New Mexico)
COUNTY OF Bernalillo) ss.

On this 3rd day of November, 2004, personally appeared before me, the undersigned, a Notary Public, Bob R. Croft personally known (or proved) to me to be the person whose name is subscribed to the above instrument, who acknowledged that he/she executed the instrument.

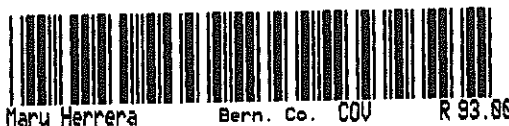
[Signature]
Notary Public

SEAL



OFFICIAL SEAL
GOCELYN BEASLEY
NOTARY PUBLIC
STATE OF NEW MEXICO

My Commission Expires: April 21, 2007



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EXHIBIT "A"

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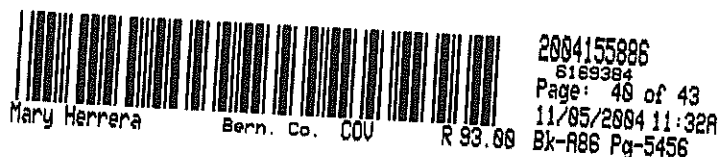


EXHIBIT "B"
LONGFORD VILLAGE EAST HOMEOWNER'S ASSOCIATION
INITIAL RULES AND REGULATIONS

These Rules are adopted under the By-Laws and Declaration Sections 1.3 and 8.7 and all references to Sections shall mean the Declaration. The purpose of Rules is not to anticipate all acceptable or unacceptable behavior in advance and eliminate all improvements or activities that fall outside of "the norm." In fact, it is expressly intended that the Board, as appropriate, have discretion to approve or disapprove items, or to enforce or not enforce technical violations of the Rules based upon aesthetic or other considerations consistent with the established guidelines of Longford Village East. As such, while something may be approved or permitted for one Unit under one set of circumstances, the same thing may be disapproved for another Unit under a different set of circumstances. The exercise of discretion in approving or enforcement shall not be construed as a waiver of approval or enforcement rights, nor shall it preclude the Board from taking enforcement action in any appropriate circumstances.

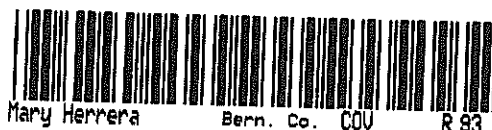
The following shall apply to all of Longford Village East until such time as they are modified pursuant to the Bylaws or Declaration as the case may be.

1. **General.** The Longford Village East shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Declarant to assist in the sale of property in Longford Village East, offices for any property manager retained by the Association, or business offices for the Declarant or the Association) consistent with the Declaration and any amendments.

2. **Restricted Activities.** Unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board, the following activities are prohibited within The Longford Village East:

(a) Parking any vehicles on public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during normal business hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding, or keeping animals except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the Board's sole discretion, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;



(c) Any activity that emits foul or obnoxious odors outside the Unit or creates noise or other conditions that tends to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity that violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(k) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(l) On-site storage of fuel, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Chapter 5;

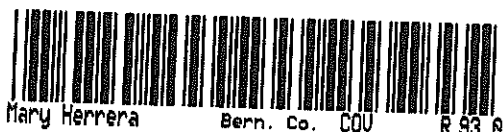
(m) Any activities which materially disturb or destroy the vegetation, wildlife, or air quality within The Longford Village East or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(n) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Declaration of Covenants, Conditions and Restrictions, Section 10;

(o) Any modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Section 10. This shall include, without limitation, signs, basketball hoops, and swing sets and similar sports and play equipment; clotheslines; garbage can enclosures; woodpiles; above-ground swimming pools; docks, piers, and similar structures; hedges, walls, dog runs, animal pens, or fences of any kind; and satellite dishes and antennas, except that:

(i) an antenna designed to receive direct broadcast satellite services, including direct-to-home satellite services, that is one meter or less in diameter; or

(ii) an antenna designed to receive video programming services via multipoint distribution services, including multi-channel multipoint distribution services, instructional television fixed services, and local multipoint distribution services, that is one meter or less in diameter or diagonal measurement; or



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(iii) an antenna that is designed to receive television broadcast signals;

(collectively, "**Permitted Antennas**") shall be permitted on Units, subject to such reasonable requirements as to location and screening as may be set forth in the Design Guidelines, consistent with applicable law, in order to minimize obtrusiveness as viewed from streets and adjacent property. The Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of The Longford Village East, should any master system or systems be utilized by the Association and require such exterior apparatus.

3. Prohibited Conditions. The following shall be prohibited at The Longford Village East:

- (a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of The Longford Village East; and structures, equipment, or other items on the exterior portions of a Unit which have become rusty, dilapidated, or otherwise fallen into disrepair.
- (b) Alteration of the drainage plan as originally implemented by the Declarant or Owner's Builder. In the event a Unit Owner alters or modifies his or her Unit drainage, the Owner assumes absolute liability for any damages resulting from the alteration or modification.
- (c) None of the following structures shall be placed in any front yard, driveway or street:

i. Signs, basketball hoops (portable basketball hoops may be placed in the driveway, but not placed in a way that uses the street as a basketball court area), swing sets and similar permanent sports and play equipment; clotheslines; garbage can or garbage can enclosures; woodpiles; swimming pools; piers, hedges, walls, dog runs, animal pens, or fences of any kind.

4. Maintenance and Alteration of Front Yard Vegetation and Side and Back Yard Landscaping The Association shall maintain all front yard landscaping and vegetation. Unit Owners shall not alter in any way the landscaping, including adding to or removing any plants or altering irrigation systems, in the front yard areas without prior approval under Section 10. Unit Owners shall not alter or install landscaping, including adding to or removing any plants or install or modify any irrigation system, in the side or back yard areas without prior approval under Section 10.



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Bylaws

Longford Village East
Homeowners Association, Inc.

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**BYLAWS
OF
LONGFORD VILLAGE EAST
HOMEOWNERS ASSOCIATION**

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BYLAWS
OF
LONGFORD VILLAGE EAST
HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION

1.01 The name of the corporation for which these are the Bylaws is "LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION" (hereinafter referred to simply as the "Association"). The principal office of the Association will be located at the address of the Resident Agent.

ARTICLE II

DEFINITIONS

2.01 The definitions contained and set forth in the Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for the Longford Village East planned community in the unincorporated territory, County of Bernalillo, New Mexico, hereinafter referred to simply as the "Declaration" are incorporated herein by reference and made a part hereof as though set forth in full.

ARTICLE III

MEETING OF MEMBERS AND VOTING

3.01 Annual Meeting. The first (organizational) annual meeting of the Members will be held at the call of the directors, or a majority of them, upon at least three (3) days' notice, for the purposes stated in the notice of the meeting. The date, time and place of the first annual meeting will be set by the Board at the organizational meeting so as to occur no later than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members will be held within thirty (30) days of the same day of the same month of each year thereafter, at the same hour of the day.

If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. If the Owners have not held a meeting for one (1) year, a meeting of the Owners must be held on the following March 1.

3.02 Special Meetings. A special meeting of the Members will be promptly scheduled by the Board of Directors in response to a majority vote of the Board itself, a request by the President or a written request for a special meeting signed by Members representing at least ten percent (10%) percent of the total voting power of the Association. The provisions of the Declaration, as related to special meetings of the Association, are incorporated herein by reference and made a part hereof as though set forth in full.

3.03 Notice and Place of Meetings. Written notice of each meeting of the Members will be given by, or at the direction of the secretary or person authorized to call the meeting, by personal delivery or mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than sixty (60) days before such meeting to each institutional lender requesting notice and to each member, addressed to the Member's Lot Number address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice will specify the time and place of the meeting, and include a copy of the agenda. Notwithstanding any other provision of law, notice of meetings of the Members will specify those matters the Board intends to present for action by the Members. Such notice will also provide notification of the right of the Lot Owner to have a copy of the minutes or a summary of the minutes of the meeting distributed to him upon request and, if required by the Board of Directors, upon payment to the Association of the cost of making the distribution. In addition the notice will also provide notification of the right of the Lot Owner to speak to the Association or Board of Directors, unless the Board of Directors is meeting in an executive session. The Agenda for the meeting must consist of (a) a clear and complete statement of the topics scheduled to be considered during the meeting, including without limitation, any proposed amendment to the Declaration or Bylaws, any fees or assessments to be imposed or increased by the Association, any budgetary changes and any proposal to remove an officer or member of the Board of Directors; (b) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items (In an emergency, the Lot Owners may take action on an item which is not listed on the agenda as an item on which action may be taken); and (c) a period devoted to comments by Lot Owners and discussion of those comments. Except in emergencies, no action may be taken upon a matter raised under this item of the Agenda until the matter itself has been specifically included on an Agenda as an item upon which action may be taken pursuant to phrase (b) of the foregoing sentence. Meetings will be held within the Project, or at a meeting place within the same county and as close to the Project as possible. Institutional lenders may designate in writing a representative to attend all meetings, and are hereby authorized to furnish information to the Association concerning the status of any loan encumbering a Lot within the Project.

3.04 Quorum. The presence at any meeting, either in person or proxy, of Members entitled to cast at least fifty-one (51%) percent of the total voting power of the Association will constitute a quorum for any action except as otherwise provided in the Project Documents. If, however, such a quorum will not be present or represented at

any meeting, a majority of the Members entitled to vote thereat will have the power to adjourn the meeting to date not less than five (5) days nor more than thirty (30) days from the meeting date, at which meeting the quorum requirements will be twenty-five percent (25%) of the total voting power. If a time and place for the adjourned meeting are not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting will be given to members in the manner prescribed for annual meetings. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum; provided that at least twenty percent (20%) of the total voting power of the Association remains present in person and/or by proxy, and provided further that any action taken will be approved by at least a majority of the Members required to constitute a quorum. For the purpose of determining whether a quorum is present for the election of any member of the Board, only the secret written ballots that are returned to the Association may be counted.

3.05 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies will be in writing and filed with the secretary before the appointed time of each meeting. A Member may give a proxy only to a member of his/her immediate family, a tenant of the Member who resides in the common-interest community or another Member who resides in the common-interest community. If a Lot is owned by more than one (1) person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through an executed proxy. A Lot Owner may revoke a proxy given pursuant to this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if: (a) it is dated or purports to be revocable without notice; (b) it does not designate the votes that must be cast on behalf of the Lot Owner(s) who executed the proxy; or (c) the holder of the proxy does not disclose at the beginning of the meeting for which the proxy is executed, the number of proxies pursuant to which he/she will be casting votes and the voting instructions received for each proxy. A proxy terminates immediately after the conclusion of the meeting for which it was executed. A vote may not be cast pursuant to a proxy for the election of a member of the Board.

Every form of proxy or written ballot which provides an opportunity to specify approval, disapproval with respect to any proposal will also contain a space marked "abstain". Any form of proxy or a written ballot distributed by any person to the membership of the Association will afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it will not be mandatory that a candidate for election to the governing body be named in the proxy or written ballot. The proxy or written ballot will provide that, where the member specifies a choice, the vote will be cast in accordance with that choice. The proxy will also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. After the Secretary of the Association has registered all proxies to be used at a meeting, upon request for a secret ballot all voting at a meeting of the Association must be by secret ballot. If a vote is taken by secret ballot, the secretary will count, or the president may appoint tellers to count, the ballot cast. Only a vote cast in person, by secret ballot or proxy may be counted.

3.06 Membership Classes and Voting Rights. Membership will be held as provided in the Declaration. Voting rights attributable to Lots will not vest until assessments against those Lots have been levied by the Association. The Association will have one (1) class of voting membership. Each Owner of a Lot will be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons will be Members, and the vote for such Lot will be exercised as they among themselves determine, in accordance with the agreement of a majority in interest of the Owners, but in no event will more than one vote be cast with respect to any Lot. There is majority agreement if any one of the Owners cast the votes allocated to the Lot without protest made promptly to the person presiding over the meeting by any of the other Owners of the Lot. If only one of several Owners of a Lot is present at a meeting of the Association that Owner is entitled to cast all the votes allocated to that Lot.

3.07 Action Without Meeting. Any action which may be taken by the vote of Members at a regular meeting or special meeting, except the election of the Members of the Board of Directors, may be taken without a meeting and without prior notice, if authorized by a written consent setting forth the action so taken, signed by Members having the requisite number of votes necessary to authorize or take such action at a meeting at which all Members were present, voted, and filed with the Secretary of the Association. A member or proxy holder may revoke any such consent provided such written revocation is received by the Association prior to the time that written consents of the number of Members required to authorize the proposed actions have been filed with the Secretary of the Association. Such revocation will be effective upon its receipt by the Secretary of the Association.

Unless the consent of all Members have been solicited in writing and have been received, prompt notice will be given, in the manner as for annual meetings of Members, to those Members who have not consented in writing, of the taking of any Association action approved by Members without a meeting. Such notice will be given at least ten (10) days before the consummation of the action authorized by such approval with respect to the following:

- (a) Approval of any reorganization of the Association;
- (b) A proposal to approve a contract or other transaction between the Association and one or more Directors, or any corporation, firm or association in which one or more Directors have a material financial interest; or
- (c) Approval required by law for the indemnification of any person.

3.08 Conduct of Meetings. Meetings of the membership of the Association will be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedure as the Association may adopt.

3.09 Attendance and Participation at Meetings. A Member, as defined in the recorded Declaration, may attend any meeting of the Association or of the Board of Directors and speak at any such meeting. The Board of Directors may establish reasonable limitations on the time a Member may speak at such a meeting.

3.10 Minutes of Meetings. Not more than thirty (30) days after any meeting of the Lot Owners, the Secretary of the Association, shall cause the minutes or summary of the minutes of the meeting to be made available to Lot Owners. A copy of the minutes or a summary of the minutes must be provided to any Lot Owner who pays the Association the cost of providing the copy to him.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION, TERM OF OFFICE, MEETINGS, POWERS AND DUTIES

4.01 Number. The affairs of this Association will be managed by a Board of three (3) Directors who must be members of the Association. The initial three (3) Directors will be appointed by Declarant and designated in the Articles of Incorporation and will hold office until their successors are elected at the first (organizational) meeting of the Members. Each Director must be one of the following: (a) The Owner of a Lot in the Project; (b) an officer, employee, agent, or director of a corporate Owner of a Lot; (c) a trustee or designated beneficiary of a trust that owns a Lot; (d) a partner of a partnership that owns a Lot; or (e) a fiduciary of an estate that owns a Lot. In all events where the person serving or offering to serve as an Officer or member of the Board is not the record Owner of a Lot, he will file proof in the records of the Association that: (a) he/she is associated with the corporate owner, trust, partnership, or estate and (b) he/she identifies the Lot(s) owned by the corporate owner, trust partnership or estate. As provided in the Declaration, Declarant will have the right to appoint and remove the members of the Board of Directors, subject to the following limitations:

(a) Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the Lots that may be created to Lot Owners other than a Declarant, at least one (1) Director and not less than twenty-five percent (25%) of the total number of Directors must be elected by Owners other than Declarant.

(b) Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that may be created to Lot Owners other than a Declarant, not less than one third (1/3) of the total number of Directors must be elected by Owners other than Declarant.

(c) The power reserved to Declarant in this Section 4.01 to appoint or remove a majority of the members of the Board of Directors will terminate on the earliest of:

(i) Sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the Lots that may be created to Lot Owners other than a Declarant;

(ii) Five (5) years after all Declarants have ceased to offer Lots for sale in the ordinary course of business; or

(iii) Five (5) years after any right to add new Lots was last exercised.

In the first month immediately after the termination of any period of Declarant's control, the Owners will elect a Board of Directors, a majority of whom must be Owners other than the Declarant. The Board will elect the Officers. The members and Officers of the Board shall take office upon election.

4.02 Term of Office. At the first (organizational) meeting of the Association, the Members shall elect three (3) Directors to serve until the first annual meeting. At the first annual meeting and each annual meeting thereafter, the Members shall elect two (2) Directors for a term of two (2) years and one (1) director for a term of one (1) year. The term of office of a Member of the Board of Directors may not exceed two (2) years. A member of the Board of Directors may be elected to succeed himself/herself. In the event that any such annual meeting is not held or the Directors not elected at such meeting, the Directors may be elected at any special meeting of the Association held for that purpose, and all incumbent Directors shall hold their office until their successors are elected.

4.03 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Notice to the Members of the Association of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a director, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Association, to serve until the close of such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

4.04 Notice of Eligibility. Not less than thirty (30) days before the preparation of a ballot for the election of members of the Board of Directors, the Secretary shall cause notice to be given to each of the Owner(s) of a Lot of his/her eligibility to serve as a member of the Board of Directors. Each of the Owner(s) of a Lot who is qualified to serve as a member of the Board of Directors may have his/her name placed on the ballot along with the names of the nominees selected by the members of the Board of Directors or a nominating committee as provided for herein.

4.05 Election. The first election of the Board shall be conducted at the first (organizational) meeting of the Association. The election of any member of the Board of Directors must be conducted by secret written ballot. The secretary shall cause to be sent prepaid by United States mail to the mailing address of each Lot within the common-interest community or to any other mailing address designated in writing by the Lot Owner(s), a secret ballot and a return envelope. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Project Documents. The person receiving the largest number of votes shall be elected. Cumulative voting shall be utilized during all elections in which two (2) or more positions on the Board are to be filled. Voting for Directors shall be by secret written ballot. A Member shall be entitled to cumulate his/her vote for one or more candidates for the Board of Directors if the candidate's name has been placed in nomination prior to voting and if the Member has given notice at the meeting prior to the voting of his/her intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. Votes cast for the election of member of the Board must be counted in public.

4.06 Removal; Vacancies. The members, by a two-thirds (2/3) vote of all persons present and entitled to vote at any meeting of the Members at which a quorum is present, may remove any member of the Board with or without cause, other than a member appointed by the Declarant. Any Director appointed by the Declarant may only be removed by Declarant. In the event of death or resignation of a Director, his successor shall be selected by a majority of the remaining Directors or by a sole remaining Director, and shall serve for the unexpired term of his predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors. Any vacancy created by the removal of a Director can be filled only by election of the Members.

4.07 Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such place within the Project and at such hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday. A meeting of the Board of Directors must be held at least once every ninety (90) days. In an emergency, the Board of Directors may take an action on an item which is not listed on the agenda as an item on which action may be taken.

4.08 Notice to Owner's of Regular Meetings. Except in an emergency, the Secretary of the Association shall, not less than ten (10) days before the date of a meeting of the Board of Directors, cause the notice of the meeting to be given to the Lot Owner(s). Such notice must be:

(a) Sent prepaid by United States mail to the mailing address of each Lot within the common-interest community or to any other mailing address designated in writing by the Lot Owner(s); or

(b) Published in a newsletter or other similar publication that is circulated to each Lot Owner(s).

In an emergency, the Secretary of the Association shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each Lot within the common-interest community. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Lot within the common-interest community or posted in a prominent place or places with the common elements of the Association.

The notice of a meeting of the Board of Directors must state the time and place of the meeting and include a copy of the agenda for the meeting or the date on which and the locations where copies of the agenda may be conveniently obtained by the Lot Owner(s) of the Association. The notice must include notification of the right of Lot Owner(s) to:

(a) Have a copy of the minutes or a summary of the minutes of the meeting distributed to him or her upon request and, if required by the Board of Directors, upon payment to the Association of the cost of making the distribution.

(b) Speak to the Association or the Board of Directors, unless the Board of Directors is meeting in executive session.

4.09 Special Meetings. Special Meetings of the Board of Directors shall be held when called by written notice signed by the president of the Association or by any two (2) Directors other than the president.

4.10 Quorum; Notice of Adjourned Meeting. A majority of the number of Directors shall constitute a quorum and be necessary for the transaction of business, except to adjourn until the time fixed for the next regular meeting of the Directors. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for the meeting. Notice of the time and place of holding the adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment, and shall be posted at a prominent place within the Common Area. An explanation of the action taken shall be posted at a prominent place within the Common Area within three (3) days after the meeting. If the Common Area consists of only an easement or is otherwise unsuitable for posting of such notice or explanation, the Board shall communicate such notice or explanation by any means it deems appropriate.

4.11 Open Meetings. Any Member of the Association may attend meetings of the Board of Directors of the Association, except when the Board adjourns to executive session to consider matters set forth in Section 4.10. A member is not entitled to attend or speak at a meeting the Board of Directors held in executive session. All other meetings of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board. The period required to be devoted to comments by Lot Owner(s) and discussion of those comments must be scheduled for the beginning of each meeting.

4.12 Minutes of Meetings. Not more than thirty (30) days after any meeting of the Board of Directors, the Secretary of the Association, shall cause the minutes or a summary of the minutes of the meeting to be made available to Lot owners. A copy of the minutes or a summary of the minutes must be provided to a Lot Owner who pays the Association the cost of providing the copy to the Lot Owner.

4.13 Executive Session. The Board may, with approval of a majority of its members present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to: (1) consult with the attorney for the Association on matters relating to proposed or pending litigation; (2) discuss matters relating to personnel; or (3) discuss a violation of the Governing Documents alleged to have been committed by a Member, including, without limitation, the failure to pay an assessment, except as otherwise provided herein. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board shall meet in executive session to hold a hearing on an alleged violation of the Governing Documents unless the Lot Owner(s), who allegedly committed the violation, requests in writing that the hearing be conducted by the Board at an open meeting. The Lot Owner(s), alleged to have committed the violation, may attend the hearing and testify concerning the alleged violation, but may be excluded by the Board from any other portion of the hearing, including, without limitation, the deliberations of the Board. Any matter discussed in executive session shall be generally noted in the minutes of the Board of Directors. The Board of Directors shall maintain minutes of any decision made pursuant to phrase (3) of the first sentence of this Section 4.10 and, upon request, provide a copy of those minutes to the Member who was the subject of the decision or to his/her designated representative. Except as otherwise provided herein, the Lot Owner(s) is/are not entitled to attend or speak at a meeting of the Board held in executive session.

4.14 Action Taken Without a Meeting. The Directors may take any action in the absence of a meeting which they are required or permitted to take at a meeting, by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors. If the Board of Directors resolves by unanimous written consent to take action, an explanation of the action taken shall be posted at a prominent place or places within the Common Area within three (3) days after the written consents of all Directors have been obtained. If the Common Area consists of only an easement or is otherwise unsuitable for posting the explanation of the action taken, the Board shall communicate said explanation by any means it deems appropriate.

4.15 Duties. It shall be the duty of the Board of Directors to:

(a) Maintenance: Maintain the Project in accordance with the provisions of the Project Documents.

(b) Insurance: Procure and maintain insurance as required by the provisions of the Project Documents.

(c) Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the costs thereof to the Member or Members responsible for the existence of said lien.

(d) Assessments: Fix, levy, collect, and enforce assessments as set forth in the Project Documents.

(e) Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association.

(f) Records: Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4th) of the Members; keep adequate and correct books and records of account, minutes of its own proceedings and those of its committees, and a record of its Members and the members of the Association, giving their names and addresses and classes of membership.

(g) Supervision: Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed.

(h) Enforcement: Enforce the provisions of the Project Documents.

In the performance of their duties, the officers and members of the Board of Directors are fiduciaries and are subject to insulation from liability provided for Directors of a corporation by the laws of the State of New Mexico. The members of the Board are required to exercise the ordinary and reasonable care of Directors of a corporation, subject to the business-judgment rule.

4.16 Powers. The Board of Directors shall have the power to:

(a) Adoption of Rules: Adopt rules in accordance with the provisions of the Project Documents.

(b) Assessments, Liens, and Fines: Levy and collect assessments and impose fines as provided in the Project Documents.

(c) Enforcement: Enforce the provisions of the Project Documents.

(d) Contracts: Contract for goods and/or services in accordance with the provisions of the Project Documents.

(e) Delegation: Delegate only those powers to other persons or a managing agent as are specifically provided for in the Declaration.

(f) Partition: Sell the Project, in the event of partition pursuant to the provisions of the Declaration.

(g) Employ a person engaged in property management for the common-interest community.

4.17 Prohibited Acts. The Board of Directors shall not take any of the following actions except with the vote or written consent of a majority of the voting power of the Association, which shall include a majority of the votes residing in Members other than the Declarant:

(a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions:

(1) A management contract, the terms of which have been approved by the Federal Housing Administration or U.S. Department of Veterans Affairs (if either of these entities is the holder, insurer or guarantor of any loan or mortgage on any Lot in the Project);

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate;

(3) Prepaid casualty and/or liability insurance policies of not-to-exceed three (3) years duration provided that the policy permits short-rate cancellation by the insured.

(4) Lease agreements for laundry room fixtures and equipment of not-to-exceed five (5) years duration provided that the lessor under the agreement is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(5) Agreements for cable television services and equipment or satellite services and equipment of not to exceed five (5) years duration provided that the supplier is not an entity in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(6) Agreements for sale or lease of burglar alarm and fire alarm equipment, installation, and services of not-to-exceed five (5) years duration provided that the supplier or suppliers are not entities in which the Declarant has a direct or indirect ownership interest of ten percent (10%) or more.

(b) Incurring, during any fiscal year, any expenditures for capital improvements to the Common Area aggregate expenditures for such purposes, in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling, during any fiscal year, any property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to Directors or to the officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

(e) Filling a vacancy on the Board of Directors created by the removal of a Director.

In addition, the Board of Directors may not act on behalf of the Association to: (1) amend the Declaration; (2) terminate the common-interest community; or (3) elect members of the Board or determine the qualifications, powers, and duties or terms of office but, as provided for herein, may fill vacancies in its membership for the unexpired portion of any term of a Director.

4.18 Compensation. Except as provided in Paragraph 4.17 (d) hereinabove, no Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.19 Indemnification of Officers and Directors. Each Director and officer shall be indemnified by the Association and the Members against all expenses and liabilities, including attorneys' fees reasonably incurred by or imposed upon him by judgment or settlement in connection with any proceeding to which he may be a party, or to which he may become involved, by reason of his/her being or having been a Director or officer of the Association unless it is proven that the Director or officer acted with willful or wanton misfeasance or with gross negligence in the performance of his/her duties. After such proof the Association is no longer liable for the costs of defense and may recover costs already expended from the Director or officer who so acted. Members of the Board are not personally liable to the victims of crimes occurring on the project. Punitive damages may not be recovered against the Association, but may be recovered from persons whose activity gave rise to the damages.

4.20 Reserve Study/Reserve Funds.

(a) The Board of Directors shall:

(1) Cause to be conducted at least once every five (5) years, a study of the reserves required to repair, replace and restore the major components of the common elements;

(2) Review the results of that study at least annually to determine if those reserves are sufficient; and

(3) Make any adjustments it deems necessary to maintain the required reserves.

The Reserve Study required by Section 4.17 must be conducted by a person qualified by training and experience to conduct such a study, including a member of the Board of Directors, a Lot Owner or the property manager of the Association who is so qualified. The study must include, without limitation:

(4) A summary of an inspection of the major components of the common elements the Association is obligated to repair, replace, or restore;

(5) An identification of the major components of the common elements that the Association is obligated to repair, replace or restore which have a remaining useful life of less than thirty (30) years;

(6) An estimate of the remaining useful life of each major component identified pursuant to paragraph (b);

(7) An estimate of the cost of repair, replacement or restoration of each major component identified pursuant to paragraph (2) during and at the end of its useful life; and

(8) An estimate of the total annual assessment that may be required to cover the cost of repairing, replacement, or restoration of the major components identified pursuant to paragraph (2), after subtracting the reserves of the Association as of the date of the study.

(b) Money in the reserve account of the Association may not be withdrawn without the signatures of at least two (2) members of the Board of Directors or the signatures of a least one (1) member of the Board of Directors and one (1) officer of the Association who is not a member of the Board of Directors.

(c) The Board of Directors shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Association's general operating fund to meet short-term cash flow requirements or other expenses. The transferred funds shall be restored to the reserve fund within three (3) years of the date of initial transfer, except that the Board may, upon making a finding supported by documentation that a delay would be in the best interests of the Project, delay the restoration until the time which the Board reasonably determines to be necessary. The Board shall exercise prudent fiscal management in delaying restoration of these funds and in restoring the expended funds to the reserve account, and shall, if necessary, levy a special assessment to recover the full amount of the expended funds within the time limits required by this section.

4.21 Notification to Members. Members of the Association shall be notified in writing at the time that the pro forma budget is distributed or at the time of any general mailing to the entire membership of the Association of their right to have copies of the minutes of meetings of the Board of Directors and how and where those minutes may be obtained.

ARTICLE V

OFFICERS AND THEIR DUTIES

5.01 Enumeration of Officers. The officers of the Association shall be a president and vice-president, who shall at all times be Directors, a secretary, and chief financial officer (treasurer) and such other officers as the Board may from time to time create by resolution. In order to qualify to serve as an officer of the Association, the person must be the owner of a Lot subject to the recorded Declaration.

5.02 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Association.

5.03 Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless the officer resigns, or shall be removed, or otherwise disqualified to serve.

5.04 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

5.05 Resignation and Removal. Any officer may be removed from office by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.06 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he/she replaces.

5.07 Multiple Offices. After the first (organizational) meeting of the Members of the Association has been held, no person shall simultaneously hold more than one office, except that the offices of secretary and chief financial officer may be held by the same person, and except in the case of special offices created pursuant to Paragraph 5.04 of this Article.

5.08 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments, and shall co-sign all checks and promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) Secretary. The secretary shall record all votes and keep the minutes of all meetings and proceedings of the Board and of the Association, serve notice of meetings of the Board and of the Association; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Chief Financial Officer. The chief financial officer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall co-sign all checks and promissory notes of the Association; shall keep proper books of account; shall prepare and distribute financial statements to each Member of the Association as follows.

5.09 Documents to be Prepared and Distributed to Members. The Board of Directors of the Association shall, not less than thirty (30) days or more than sixty (60) days before the beginning of the fiscal year of the Association, prepare and distribute to Lot Owner a copy of:

(a) The budget for the daily operation of the Association. The budget must include, without limitation, the estimated annual revenue and expenditures of the Association and any contributions to be made to the reserve account of the Association.

(b) A budget to maintain an adequate reserve amount. The budget shall include, without limitation:

(1) The current estimated replacement cost, estimated remaining life and estimated remaining useful life of each major component of the common elements;

(2) As of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are set aside, to repair, replace or restore the major components of the common elements;

(3) A statement as to whether the executive board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component of the common elements or to provide adequate cash reserves for that purpose; and

(4) A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subparagraph (2), including, without limitation, qualifications of the person responsible for the preparation of the study required by section 4 of Chapter 116.

5.10 Budget Summary. In lieu of distributing copies of the budgets of the Association required by subsection 1, the Board of Directors may distribute to each Owner of a Lot a summary of the budgets, accompanied by a written notice that the budgets are available for review at the business office of the Association or other suitable location and that copies of the budgets will be provided upon request.

5.11 Ratification of Budget. The Board shall establish a date for a meeting of the Members to consider ratification of the budget for the daily operation of the Association not less than fourteen (14) days nor more than thirty (30) days mailing of the summary of the daily operation budget. Unless at the meeting a majority of all Members reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Members must be continued until such time as the Members ratify a subsequent budget proposed by the Board. The Board of Directors, in accordance with Article IV, Section 4.4 of the Declaration, may increase the Annual Assessments in an amount less than or equal to twenty percent (20%) of the Annual Assessments for the immediately preceding Fiscal Year, without obtaining the approval of Members casting a majority of votes in an Increase Election.

5.12 Distribution of Policies and Practices. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of its assessments against its Members shall be annually delivered to the Members during the sixty (60) day period immediately preceding the beginning of the Association's fiscal year.

5.13 Ninety (90) Day Review. At least once every ninety (90) days, the Board of Directors shall review at one of its meetings:

- (a) A current reconciliation of the opening account of the Association;
- (b) A current reconciliation of the reserve account of the Association;
- (c) The actual reserves and expenses for the reserve account, compared to the budget for that account for the current year;
- (d) The latest account statements prepared by the financial institutions in which the accounts of the Association are maintained;
- (e) An income and expense statement prepared on at least a quarterly basis, for the operating and reserve accounts of the Association; and
- (f) The current status of any civil action or claim submitted to arbitration or mediation in which the Association is a party.

5.14 Distribution of Changes in Project Documents. In accordance with Section 12 of Chapter 116, if any change is made to the Project Documents of the Association, the Secretary shall, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of the Lot Owner(s) or to any other mailing address designated in writing by the Lot Owner(s), a copy of the change that was made.

5.15 Officers and Amendments to the Declaration. In accordance with the Declaration, the President and the Secretary of the Association are authorized to prepare, execute certify and record Amendments to the Declaration on behalf of the Association.

ARTICLE VI

BOOKS AND RECORDS

6.01 Inspection by Members. Members of the Association shall have access to Association records. The Project Documents, the membership register (including names, telephone numbers, mailing addresses, and voting rights), the financial statement of the Association, the budgets of the Association required to be prepared in accordance with these Bylaws, the reserve study required to be prepared in accordance

with these Bylaws, and the minutes of meetings of the Association, Board, and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose reasonably related to his interest as a Member, at the business office of the Association or at such other suitable location as the Board may prescribe.

6.02 Access to Records by Ombudsman. The Board of Directors shall make available for review by the ombudsman for owners in common-interest communities: (1) the financial statement of the Association, (2) the budgets of the Association required to be prepared in accordance with these Bylaws, and (3) the reserve study required to be prepared in accordance with these Bylaws. The Board of Directors shall provide the ombudsman for owners in common-interest communities with a copy of the foregoing items in accordance with Section 6.03.

6.03 Rules for Inspection/Payment of Costs/Time Limit for Distribution. The Board shall establish reasonable rules with respect to:

(a) Form of the written notice to be given to the custodian of the records by the Member desiring to make the inspection.

(b) Hours and days of the week when such an inspection may be made ("regular working hours").

(c) payment of the cost of reproducing copies of documents requested by a Member. The cost of reproducing copies of documents described in Section 6.1 may not exceed \$.25 per page.

(d) the time limit for distribution shall not exceed fourteen (14) days after receipt by the custodian of the records of the written request.

6.04 Prohibition on Access by Members. In accordance with Section 9.1 of Chapter 116, the right of inspection of the books, records, and documents described in Section 6.02 shall not apply to:

(a) The personnel records of the employees of the Association; and

(b) The records of the Association relating to another Lot Owner(s).

6.05 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents at reasonable charge.

ARTICLE VII

MISCELLANEOUS

7.01 Committees. The Board of Directors shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee, as provided in the Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

7.02 Assessments. Regular and special assessments levied pursuant to the Project Documents are delinquent fifteen (15) days after they become due. If an assessment is delinquent, the Association may recover all of the following:

(a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorney's fees.

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment or ten dollars (\$10.00), whichever is greater.

(c) Interest on all sums imposed in accordance with the section, including the delinquent assessment, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed eighteen percent (18%) interest, commencing thirty days after the assessment becomes due. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

7.03 Amendments. Prior to close of escrow on the sale of the first Lot, the Declarant may amend these Bylaws. After of sale of the first Lot, these Bylaws may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association, which shall include a majority of the votes or written consent of Members other than the Declarant. However, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative vote required for action to be taken under that clause.

7.04 Transfer of control from Declarant to Association. Within thirty (30) days after the Members other than the Declarant may elect a majority of members of the Board, the Declarant shall deliver to the Association all property of the Members and the Association held by or controlled by the Declarant, including:

(a) The original or a certified copy of the recorded Declaration of Covenants, Conditions, and Restrictions and any amendments thereto; a copy of the filed Articles of incorporation; a copy of the adopted Bylaws; minute books and other books and records of the Association; and any adopted Rules and Regulations of the Association;

(b) an accounting for money of the Association and financial statements from the date the Association received money to the date the period of the Declarant's control ends. The financial statements must fairly and accurately report with Association's financial condition prepared in accordance with generally accepted accounting principles.

(c) A complete study of the reserves of the Association, conducted by a person qualified by training and experience to conduct such a study. At the time the control of the Declarant ends, he shall: (a) except as otherwise provided herein, deliver to the Association a reserve account that contains the Declarant's share of the amounts then due, and control of the account. If the Declaration was recorded before October 1, 2000, and, at the time the control of the Declarant ends, he/she has failed to pay his/her share of the amounts due, the Board of Directors shall authorize the Declarant to pay the deficiency in installments for a period of three (3) years, unless the Declarant and the Board of Directors agree to a shorter period.

(d) Disclose, in writing, the amount by which he/she has subsidized the Association's dues on a per Lot basis.

(e) The Association's money or control thereof.

(f) All of the Declarant's tangible personal property that has been represented by the Declarant as property of the Association or, unless the Declarant has disclosed in the Public Offering Statement that all such personal property used in the Project will remain the Declarant's property, all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of the Project.

(g) A copy of any plans and specifications used in the construction of the improvements in the Project which were completed within two (2) years before the Declaration was recorded.

(h) All insurance policies then in force in which the Members, the Association, or its Directors and Officers are named as insured persons.

(i) Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Project other than the Lots.

(j) Any renewable permits and approvals issued by governmental bodies applicable to the Project which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the Project.

(k) Written warranties of the contractor subcontractors, suppliers and manufacturers for the Common Elements that are still effective.

(l) A roster of Owners and Mortgages of Lots and their addresses and telephone numbers, if known, as shown on the Declarant's records.

(m) Contracts of employment in which the Association is a contracting party.

(n) any contract for service in which the Association is a contracting party or in which the Association or the Members have any obligation to pay a fee to the persons performing the services.

7.05 Adoption of Rules of the Association. The Board of Directors shall adopt Rules and Regulations of the Association consistent with the following requirements:

The Rules and Regulations adopted by the Association:

1. Must be reasonably related to the purpose for which they are adopted.

2. Must be sufficiently explicit in their prohibition, direction or limitation to inform a Member, a tenant, or a guest of a Member of any action or omission required for compliance.

3. Must not be adopted to evade any obligation of the Association.

4. Must be consistent with the Governing Documents and must not arbitrarily restrict conduct or require the construction of any capital improvement by a Member that is not required by the Governing Documents of the Association

5. Must be uniformly enforced under the same or similar circumstances against all Members. Any rule that is not so uniformly enforced may not be enforced against any Member.

6. May be enforced by the assessment of a fine only if:

(a) The person alleged to have violated the rule has received notice of the alleged violation that informs him/her of the opportunity to request a hearing on the alleged violation.

(b) At least thirty (30) days before the alleged violation, the person alleged to have violated the rule was given written notice of the rule or any amendment to the rule.

7.06 Failure to Comply with Governing Documents. If a Member, a tenant, or a guest of a Member, does not comply with a provision of the Governing Documents of the Association, the Board of Directors may, if the Governing Documents so provide:

1. Prohibit, for a reasonable time, the Member, the tenant, or a guest of the Member, from:

(a) Voting on matters related to the common-interest community.

(b) Using the Common Elements/Association Property. The Board of Directors may not prohibit the Member, the tenant, or a guest of the Member from using any vehicular or pedestrian ingress to or egress to go to or from the Lot including any area used for parking.

2. Require the Member, or the tenant or guest of the Member, to pay a fine for each failure to comply that does not threaten the health, and welfare of the common-interest community. The fine must be commensurate with the severity of the violation but must not exceed one hundred dollars (\$100.00) for each violation or a total amount of five hundred dollars (\$500.00), whichever is less.

3. If a fine is imposed pursuant to paragraph 2 and the violation is not cured within fourteen (14) days or a longer period as may be established by the Board of Directors, the violation shall be deemed a continuing violation. Thereafter, the Board of Directors may impose an additional fine for the violation for each seven (7) day period or portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.

7.07 Notice Requirements for Assessment for a Capital Improvement or Commencement of a Civil Action. In addition to Article III, Section 3.03 herein, the Association shall provide written notice to each Member of a meeting at which an assessment for a capital improvement or the commencement of a civil action is to be considered or action is to be taken on such assessment at least twenty-one (21) calendar days before the meeting. The Association may commence a civil action only upon a vote or written agreement of the Members to which a majority of the votes of the Members of the Association are allocated. The provisions of this Section 7.07 do not apply to a civil action that is commenced:

- (a) By an Association for a time-share project;
- (b) To enforce the payment of an assessment;
- (c) To enforce the Declaration, Bylaws or rules of the Association;
- (d) To proceed with a counterclaim; or

(e) To protect the health, safety and welfare of the Members of the Association. If a civil action is commenced pursuant to this paragraph without the required vote or agreement, the action must be ratified within ninety (90) days after the commencement of the action by a vote or written agreement of the Members to which at least a majority of votes of the Members of the Association are allocated. If the Association, after making a good faith effort, cannot obtain the required vote or agreement to commence or ratify such a civil action, the Association may thereafter seek to dismiss the action without prejudice for that reason only if a vote or written agreement of the Members to which a majority of votes of the Members are allocated was obtained at the time the approval to commence or ratify the action was sought.

At least ten (10) days before the Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all Members that includes:

(a) A reasonable estimate of the costs of the civil action, including attorney's fees;

(b) An explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association; and

(c) All disclosures that are required to be made upon the sale of the property. No person, other than a Lot Owner, may request the dismissal of a civil action commenced by the Association on the ground that the Association failed to comply with any provision of this section.

7.08 Prohibition on Lien Foreclosure. Notwithstanding any language in the recorded Declaration, the Association may not foreclose a lien by sale for the assessment of a fine for a violation of the Declaration Bylaws, rules or regulations of the Association, unless the violation is of a type that threatens the health and welfare of the residents of the common-interest community.

7.09 Notice of Fines. If the Association adopts a policy imposing a fine on a Lot Owner for the violation of the Declaration, these Bylaws or other rules established by Association, the Secretary shall prepare and cause to be hand-delivered or sent by prepaid United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner, a schedule of the fines that may be imposed for those violations.

7.10 Application of Assessment, Fee or Charge. The Association may not apply any assessment, fee or other charge that is paid by a Lot Owner toward a fine imposed by the Association against the Lot Owner.

7.11 Definition of the term "Emergency". The term "emergency", as used in these Bylaws, shall mean any occurrence or combination of occurrences that:

- (a) Could not have been reasonably foreseen;
- (b) Affects the health, welfare, and safety of the Lot Owner(s) of the Association;
- (c) Requires the immediate attention of, and possible action by, the Board of Directors; and
- (d) Makes it impossible to comply with the provisions of subsection 2 or subsection 5 of Chapter 116.

7.12 Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

RATIFICATION

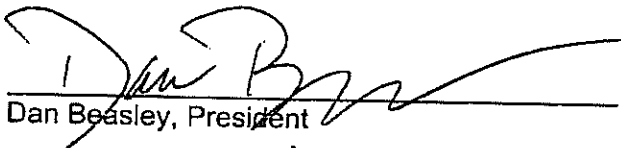
We, the undersigned, do hereby certify:

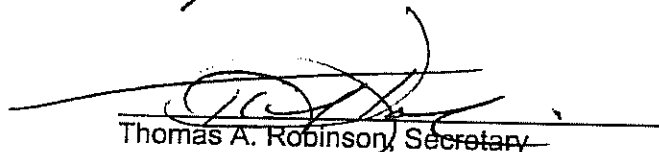
That I, Dan Beasley, am the duly elected and the acting President of the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION, A New Mexico nonprofit corporation.

That I, Thomas A. Robinson, am the duly elected and acting Secretary of the LONGFORD VILLAGE EAST HOMEOWNERS ASSOCIATION, a New Mexico nonprofit corporation.

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a special meeting of the Board of Directors of the Association held on the 19th day of November 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 19th day of November, 2004.


Dan Beasley, President


Thomas A. Robinson, Secretary

Recorded at the request of: Longford Village East, LLC

Mail tax bill to and when recorded mail to:
Longford Village East Home Owners Association
7007 Jefferson Boulevard NE, Suite A, Albuquerque, NM 87109

SPECIAL WARRANTY DEED

LONGFORD VILLAGE EAST, LLC, a Nevada limited liability company, for consideration paid, grants to LONGFORD VILLAGE EAST HOME OWNERS ASSOCIATION, whose address is 7007 Jefferson Boulevard NE, Suite A, Albuquerque, New Mexico 87109, the following described real estate in Bernalillo County, New Mexico:

The common areas are:

Open Space Tracts known as Tract B, C, D, E, F, G and H for Longford Village East as shown by Plat thereof, in the Office of the County Clerk of Bernalillo County, New Mexico, on May 18, 2004, in Plat R17.00, Book 2004C, page 155 and as Document No. 2004067360;

Open Space Tract known as Tract A, private streets known as Pequín Trail SE, Tomotillo Lane SE, Tepin Trail SE, Serrano Lane SE, Cascabel Trail SE, Habanero Way SE, and Jicama Way SE.

Subject to: Patent reservations, restrictions, and easements of record, taxes and assessments.

WITNESS my hand and seal this 10th day of November, 2004.

LONGFORD VILLAGE EAST, L.L.C., by Longford Group, Inc., its manager
A Nevada limited liability company

By: Susan Berger
Its: Vice President

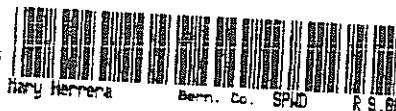
ACKNOWLEDGMENT

STATE OF Nevada)
COUNTY OF Clark) ss.

This instrument was acknowledged before me on November 10, 2004, by Susan Berger, its Vice President, on behalf of said limited liability company.

Sara S. Hummel
Notary Public

My commission expires:
(SEAL)



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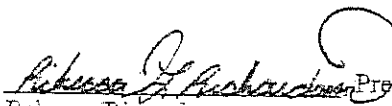
Design Guidelines

Longford Village East
Homeowners Association, Inc.

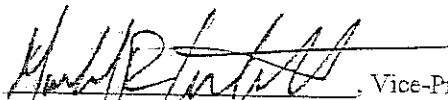
Longford Village East

Design Guidelines


Approvals


Rebecca Richardson, President, Longford Village East Board of Directors

12/8/05
Date


Michael Cantrell, Vice-President, Longford Village East Board of Directors

12/9/05
Date


Joyce Lemond, Secretary, Longford Village East Board of Directors

12/16/05
Date

A. Purpose

The Longford Village East Declaration of Covenants, Conditions & Restrictions (CC&Rs) and these Design Guidelines (Guidelines) serve to protect the property values of the homes within Longford Village East. All homeowners and tenants are subject to both the CC&Rs and this document and have agreed to comply with them. It is important that you take the time to understand the CC&Rs and Design Guidelines in order to avoid undue complications caused by failure to abide by the contractual obligations established in the CC&Rs.

B. Basis

These Design Guidelines supplement the Longford Village East Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Longford Village East. These guidelines may be amended by addition, deletion, or alteration at any time by the Longford Village East Homeowners Association Board of Directors (BoD). Longford Village East is intended to be a cohesive development composed of high-quality homes. Toward this end, the Design Review Committee (DRC) and the Board of Directors will be responsible for using the highest degree of discretion possible in reviewing, approving, or disapproving plans.

C. Need For Approval

Any exterior addition or change to your home or property whether temporary or permanent requires prior approval from the Design Review Committee and must be in accordance with the established CC&Rs as well as these Guidelines. Plants, shrubs, and other live landscaping are also subject to this approval process. The BoD and the Design Review Committee have the legal authority to require that a homeowner remove or alter any modification which has not received prior approval or is not built according to approved plans. The DRC may also require that any proposed plans be modified or amended in order to comply with the CC&Rs, these Guidelines, or other community standards. A Design Review Committee request for approval is not needed for maintenance or repairs as long as no change in color or material is made. All such repairs are required to be of equal or better quality than the original construction. In the event that repairs are made in a way that the Design Review Committee feels detracts from the neighborhood, they can require that action be taken to rectify the repairs made.

D. Approval Philosophy

The approval process is intended to minimize hardships and undue delays, while preventing additions or modifications to property that would be costly to correct if done improperly or in violation to the CC&Rs and/or Design Guidelines. The Design Review Committee's goal is not to tell a homeowner that changes cannot be made to their property, but rather to assist in making changes in a way that conforms to the character of the neighborhood.

E. Easement Encroachments

It is not the responsibility of the Design Review Committee or the Board of Directors to verify or police any encroachment into utility easement areas. The Committee may advise the owner of a possible encroachment and recommend the owner seek an approval or waiver from the appropriate utility. However, neither the Committee nor the Board of Directors will be liable for any expense incurred by the owner as a result of such encroachment, even if the Committee approved the submitted plan without comment.

F. Precedents

While the Design Review Committee will make every reasonable attempt to be fair and equitable, neither the Committee nor the Board of Directors will be bound by past decisions made by any party. In the event that a decision is made that, in retrospect, is not in the best interest of the community, the Committee and/or the Board of Directors reserves the right to no longer permit its use as a precedent.

G. Maintenance

All improvements made to the property as well as the home itself need to be maintained. Any deterioration that distracts from the appearance of the property needs to be rectified by the homeowner in a timely fashion. Lots need to be maintained in a similar manner. Weeds, unmown grass, and dead plants will not be tolerated. In addition, storage of toys, equipment, clutter, and/or debris in the open is not allowed.

H. Paint

Any exterior change in color scheme requires approval from the Design Review Committee. Paint samples must be submitted with the request as well as a detailed description of which areas of the home are to be painted. Approval will not be given until these provisions are met.

I. Roofing

Any change to the color or material requires prior approval from the Design Review Committee. Photos and/or material samples should be included with the request.

J. Walls, Fences, and Dog Runs

Any modification to yard walls must be agreed upon by adjacent homeowners and approved by the Design Review Committee. When raising walls, blocks must be consistent in color and texture to the original construction. Chain link fences and dog runs will not be permitted. Perimeter walls are maintained by the Homeowners Association and may not be raised, lowered, or otherwise modified in any way.

K. Yard Ornaments and Furniture

Any and all items kept for prolonged periods (greater than 48 hours) outside the home, whether permanent or temporary, are subject to the CC&Rs and other criteria as established in these Design Guidelines. Items included in this section include, but are not limited to, planters, statues, bird baths, lawn ornaments, outdoor furniture, swings, barbecues, cookers, smokers, etc. Such items are encouraged to promote individuality. However, the following guidelines shall apply:

1. Items on Front Porches

Quality outdoor furniture, planters, and/or statues in good condition are generally acceptable without consent of the Design Review Committee. Plastic furniture is discouraged and may be disapproved by the Design Review Committee or Board of Directors if deemed to be detracting to the overall appearance of the community. Discretion should be used so that the porch does not begin to look cluttered.

2. Items in Enclosed Yards

In general items lower than the height of the block walls, items in place for less than 48 hours, or of a mobile nature and kept within the enclosed area of the yard are acceptable without written approval. Complaints will be evaluated by the Design Review Committee on a case-by-case basis. To avoid complaints, homeowners should ensure that their yards do not become cluttered and that any items kept in the backyard are in good repair.

3. Front Yard Items

Items kept permanently (or for longer than 48 hours) outside the fenced portion of the property will require written permission from the Design Review Committee. Any items to be placed in the front yard should be made of materials that blend with the surroundings. The size of the items should also be proportional to the surrounding landscaping. In general, the number of yard ornaments should not exceed two. This provision is to help ensure that the small yards within the neighborhood do not begin to look cramped.

L. Exterior Lighting

Ground level lighting is generally acceptable along the front walk of the home with Committee approval. Such lighting must blend with the style of the home. Usually, no more than 6-8 lights will be allowed. The addition of exterior lighting to the back yard is encouraged. Freestanding poles should be no higher than 6 feet. Flood and area lighting on the home or other approved structures should not affect neighboring properties unless all affected parties agree to installation and the lighting is deemed mutually beneficial. Lighting at ground level is generally acceptable. The Design Review Committee has the right to approve the location, number, size, and design of all proposed exterior lighting.

M. Holiday Decorations

Holiday decorations are permitted and encouraged without prior approval from the Design Review Committee. However, such decorations should be put up no more than 30 days prior to the applicable holiday and must be removed with 30 days after the holiday. The Committee reserves the right to require the removal of any decorations that generate complaints or are deemed offensive.

N. Basketball Hoops and other Recreational Equipment

Permanently mounted basketball hoops will not be permitted because of the small back yard size. (Portable units are allowed as long as they are stored out of site in the back yard or garage.) Similarly, trampolines and swing set-type structures will not be allowed. In addition, swimming pools, whether temporary, above ground, or in-ground will not be allowed. Because of the tight spacing of homes, any accidental discharge of water would affect not only the stability of the surrounding block walls but also the back yard landscaping of the surrounding properties.

O. Shade Structures

Attached patio covers and freestanding shade structures are allowed with prior approval. The homeowner is responsible for obtaining all appropriate building permits as well as complying with any property setbacks. Such structures should be constructed of materials that blend with the homes within the community. Wood and stucco painted to match the residence, stone, and professionally coated aluminum (also consistent with the color scheme of the home) are generally acceptable. In the event that the roof is to be shingled, concrete tiles to match the home should be used rather than asphalt shingles. Freestanding cabana-type structures may also utilize sun-blocking fabric in colors consistent with the color schemes in the neighborhood.

P. Detached Structures

Storage sheds and greenhouse structures must match the home's color scheme and be made of materials consistent with the quality of the home's construction. Wooden sheds, those covered with siding or stucco, and professional coated aluminum are all acceptable construction materials. Plastic or plastic-type materials are not acceptable. Such buildings should not exceed 8 feet in either length or width. Roofing should preferably match that used on the home. At a minimum, shingles used should match the color of the roofing on the residence. No buildings with roll-up or garage-type doors will be accepted.

Q. Windows and Doors

Temporary window treatments must be removed within 45 days of the home's closing date. Foil, cardboard, paper, and similar materials will not be permitted as permanent window coverings.

1. Glass Block

Glass block windows are acceptable on the main residence and any approved outbuildings with Committee approval.

2. Shutters

The addition of shutters on the exterior of the home is allowed with prior approval. The style of the shutters should match those used elsewhere in the community. Shutters should also be painted to match the home's front door in order to blend with the overall design of the community.

3. Storm Doors

Storm doors are permitted on the exterior of the home provided that they are of a framed glass type with a frame the same color as the home's front door. (Those placed on the back door need only be framed in a color consistent with one of the colors included in the home's color scheme.) The Design Review Committee may deny any proposed door design they feel does not blend with the home's architecture or with the overall feel of the community.

R. Flags

Flags may be displayed from a wall-mounted flagpole on the front of the residence. In addition, residentially scaled flagpoles are acceptable within the walled portion of the lot. Such poles should not exceed 18 feet in height. All flags displayed should be a standard 3' by 5' size and in good condition. Flags left up at night must be lighted. The Design Review Committee reserves the right to deny placement it deems is not in the best interest of the neighborhood.

S. Landscaping

Because the Home Owners Association is responsible for maintaining the front yards within the community, the landscaping outside the enclosed portion of the lot should not be altered in any way. This includes adding or removing plants, changing the configuration of the drip watering system, or removing any landscaping rock. An exception to this rule is periodically adding crushed rock of the same type, color, and size used in the original landscape plan. This will ensure that the community remains looking its best. No prior approval is needed to maintain the rock cover within the front yard.

Landscaping the enclosed back yard is encouraged. However, the following guidelines should be followed when preparing a proposal for the Design Review Committee:

1. Professionally finished and/or decorative concrete patios are generally acceptable.
2. Artificial turf and grass may be used. If grass is proposed, a system should also be planned for so that watering and maintenance is easily achieved.
3. Flowerbeds, trees, and other plants are a recommended part of any landscape plan. However, when planning for such plantings, the distance from the perimeter walls and any applicable easements should be considered. Excessive watering close to such block walls can cause the walls to settle, leading to significant structural damage.
4. The use of larger decorative cobbles and accent rocks is desirable, as is the use of contrasting earth tone colored crushed gravel. The use of volcanic rock and/or white or red colored rock is discouraged, although its use in small accent areas may be allowed at the discretion of the Committee.

T. Exceptions

Special consideration will be given in the event of catastrophic events such as fire, expediting the approval process for any changes to the original structure proposed by the homeowner.

In addition, exceptions will be made in unusual cases to accommodate Federal, State, and Local laws. For example, any structure built to accommodate the needs of a handicapped resident need not necessarily conform to these Design Guidelines. In such cases a variance will be granted for the period during which the unusual circumstances exist. However, any such variances granted are not considered precedential or binding on the DRC or BoD during any future design reviews.

Exceptions will not be made for reasons of economic convenience or hardship, to accommodate recreational activities, or for reasons of individual taste, appearance, or beautification.

Guidelines

Longford Village East
Homeowners Association, Inc.

LONGFORD VILLAGE EAST HOMEOWNERS' ASSOCIATION

VIOLATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS POLICY

The following policy is in place to determine whether a violation is determined to exist, to cause remedy of the violation.

1. **Determination of Violation.** AMMRE Association Management and/or any member of the Longford Village East Board of Directors or Architectural Control Committee will make the final determination of whether a violation of the Protective Covenants (CC&Rs) exists.
2. **Curing the Violation.** If it is determined that a violation does exist the Homeowner will be sent a **First Violation Notice**, describing the violation, the applicable CC&Rs regulation that is being violated, and a requirement that the violation be cured within a reasonable time period.
3. **Uncured Violations.** If the violations has not been cured within the time period specified in the **First Violation Notice** a **Second Violation Notice** will be issued. If the violation remains uncured the homeowner will receive a **Third Violation Notice** instructing the homeowner of their right to a hearing. A written request for the hearing which is properly signed by the homeowner and dated must be postmarked within fourteen (14) days after the **Third Violation Notice** is mailed. Failure of the homeowner to request a hearing in writing within the required time period shall constitute a waiver of the right to a hearing. Such notice shall be deemed delivered if postmarked and mailed to:

Longford Village East Homeowners' Association
C/o AMMRE Property Management
2823 Richmond Dr. NE
Albuquerque, NM 87107

4. **Hearing.** The Board of Directors will conduct the hearing at which hearing any or all of the following sanctions may be imposed:
 - A. Fine not to exceed \$100.00 per violation for a total not to exceed \$500. However, if the violation is not cured within fourteen (14) days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation and the Board may impose an additional fine for the violation for each seven (7) day period of portion thereof that the violation is not cured. Any additional fine may be imposed without notice and an opportunity to be heard.
 - B. Cure of the violation, all cost of which will be charged back to the owner. If not paid the owner's property will be lien for the amount owed.
 - C. Injunctive relief against the continuance of such violations through the courts system; all cost will be charged to the owner.
 - D. Prohibit, for a reasonable time, the Member and tenant from
 - a. Voting
 - b. Using the common areas

A decision regarding the violation may be made upon conclusion of the hearing or it may be postponed no later than ten (10) days from the date of the hearing. A summary of the decision shall be included in the records of the Association and mailed to all parties involved.

If the homeowner does not cure the violation after the **Third Violation Notice** and does not request a hearing, the Board has the authority and discretion to impose any or all of the sanctions above.

LONGFORD VILLAGE EAST HOMEOWNERS' ASSOCIATION

DELINQUENCY POLICY

In compliance with the Declaration of Covenants, Conditions and Restrictions (the CC&Rs) for Longford Village East as per Article III, it is the duty of the Board of Directors to enforce the collection of any amounts due the Association. Therefore, the following policy is in place to set forth the late fees and appropriate actions for late and nonpayment of Longford Village East Homeowners' Association dues.

1. **Annual Assessments.** The Longford Village East Homeowners' Association assessments are billed quarterly. Statements will be mailed for payments due the first day of each quarter. Payments not received by the 15th day of the month in which they are due are delinquent.
2. **Late Fees.** A late fee of \$10.00 will be assessed if payment is not received on or before the last day of the month in which they are due. In addition interest will accrue at the rate of 18% per annum from the date the assessment was due.
3. **Unpaid Assessments.** When two quarters of assessments are delinquent, the association will file a Notice of Lien in the Bernalillo County records, will send a copy of the Notice to the delinquent owner, and if applicable, provide a notice of delinquency to the owner's first mortgagee.
4. **Further Action.** If the assessment remains unpaid and delinquent, the Association will decide, on a case-by-case basis which of the following remedies to pursue:
 - Bring an action at law against the owner personally obligated to pay
 - Foreclose the association lien against the Lot

In the event any of the foregoing actions are taken by the Association, the owner shall be obligated to pay the Association, in addition to the assessment due, late fees and any interest thereon, all reasonable attorney's fees and necessary costs incurred by the Association in enforcing its rights and taking such action. No owner may waive or otherwise escape liability for the assessments by abandonment of his Lot.

SATELLITE DISH AND ANTENNA POLICY

Satellite dishes or antennas may be erected or installed on any lot provided the satellite dish or antenna complies with the guidelines as adopted by the Board of Directors of Longford Village East Homeowners Association and in accordance with FCC requirements. If the installation is not in compliance, the Board has the right to require the owner to relocate the satellite dish or antenna to an alternate, more aesthetically pleasing location provided the new location has comparable reception. The relocation will be done solely at the Owner's expense.

The following guidelines cover three types of antennas: direct broadcast satellite (DBS) antennas, multipoint distribution service service (MDS) antennas (often called wireless cable, including MMDS, LMDS and IFTS antennas) one meter or 39" in diameter or less, and television broadcast antennas of any size:

1. Satellite dish or antenna may be installed on the roof or under the eaves of your home. Please make every effort to install your dish in the least conspicuous location where an acceptable quality signal can be received.
2. All wiring must be secured to the house and or roof and painted to match same.

Longford Village East Homeowners Association

Parking Policy

1. Each homeowner has three allotted spaces: their garage, their driveway, and an on-street parking space assigned to their home. Resident first-responders (police, paramedics, fire fighters, etc.) who must use a marked vehicle in the course of their duties may be granted an additional space if available *for the marked vehicle only*. Spaces allocated to marked first-responder and public service vehicles will be drawn from the pool of available visitor spaces.
2. The use of the homeowner-assigned on-street spaces is up to the homeowner. You may allow neighbors, guests, etc., to use those spaces. However, the homeowner will be held responsible for any parking violations within those spaces as well as any damage to community property due to oil stains, etc.
3. It is the homeowner's responsibility to inform guests on where they may park. No homeowner vehicles should be parked in a visitor spaces.
4. No vehicles may be parked on the landscaping, outside of a designated parking space, driveway, or enclosed garage. All vehicles must be parked with the flow of traffic and may not block the sidewalk. Failure to comply with the established parking policy may result in HOA fines (see Schedule of Fines), citation by Albuquerque Police Department, or the vehicle being towed at the owner's expense.

Towing Policy

1. The homeowner is responsible for calling the towing company for any unauthorized vehicles parked in their assigned on-street space. Greg's Towing can be reached at 271-1300. *If you know who owns the car, we would encourage you to speak with the owner prior to having the car towed.*
2. A car observed using the visitor spaces inappropriately (i.e., homeowner using a visitor space for an extended period) will have a "final warning" sticker placed on the windshield. If the AMMRE is not contacted to explain the circumstances within 72 hours of the flyer placement, the car will be towed at the owner's expense (towing cost plus any applicable fees). If misuse of a visitor space reoccurs, the vehicle may be towed without warning.
3. If you need to use a visitor space for a period of time due to circumstances such as garage-related construction, if a visitor will be in town for an extended period, or if you suspect misuse of a visitor parking space, contact the AMMRE (266-2000).
4. Any car parked on the landscaping, outside of a labeled on-street space (including unpainted curbs not marked as a parking space), in front of a painted curb, against the flow of traffic, or blocking the sidewalk may be towed without warning at the owner's expense.
5. No commercial vehicles, equipment, mobile homes, recreational vehicles, golf carts, boats, trailers, stored vehicles or inoperable vehicles may be parked in any area other than in the enclosed garages. Any vehicle in violation of this policy will be towed immediately without notice at owner's expense.