

When recorded return to:

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732330

DECLARATION  
OF  
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS  
FOR  
LAS CAMPANAS ESTATES I

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732331

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DECLARATION  
OF  
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FOR  
LAS CAMPANAS ESTATES I

732336

This Declaration of Covenants, Conditions, Restrictions and Easements is made and entered into as of the 7th day of June, 1991, by Las Campanas Corporation, a New Mexico corporation (herein called "Developer"), and Dutch Meadows Limited Partnership, a New Mexico limited partnership ("Dutch Meadows").

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The Declaration provides for an extensive degree of control in Developer including, but not limited to, (i) control of the Association, the type, design and location of improvements which may be built upon Lots with fines up to \$10,000 for noncompliance, and the use, and limitations upon use, of the Common Areas; (ii) the right to amend the Declaration; and (iii) substantial flexibility in developing the Property. Section 15.5 hereof contains a limitation on the liability of Developer, Dutch Meadows and Related Entities. Each Owner, by accepting title to a Lot, and each Mortgagee or other Person acquiring any interest in a Lot, acknowledges, agrees to and accepts Developer's control of the Property and the limited liability of Developer, Dutch Meadows and Related Entities as provided in the Declaration. Such control is an integral part of the Declaration and the general scheme of development and operation of the Property. Capitalized terms used in this paragraph are defined in the Declaration.

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RECITALS

A. Defined terms appear throughout the Declaration with the first letter in each word of the term capitalized. Unless the context clearly requires otherwise, defined terms shall have the meanings given to them in Section 1 hereof or elsewhere herein.

B. Developer is recording this instrument with Dutch Meadows, which is the record owner of the real property situated in Santa Fe County, New Mexico, described on Exhibit "A" attached hereto and by reference made a part hereof (herein called the "Parcel").

C. Dutch Meadows desires to submit and subject the Parcel, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto (all of which constitute a part of the "Property" as hereinafter defined), to the covenants, conditions,

restrictions, liens, assessments, easements, privileges and rights contained herein. Dutch Meadows further desires to establish and authorize a plan of development to be implemented by Developer pursuant to, and under the authority of, the Declaration.

D. The Property is part of that property being developed in accordance with a conceptual master plan (which may be supplemented by additional property, amended or revised from time to time) under the name of Las Campanas de Santa Fe, subject to that certain Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Las Campanas de Santa Fe, Recorded June 17th, 1991, in the real property Records of Santa Fe County, New Mexico (the "Master Declaration"). The Declaration constitutes a Village Declaration as provided for under the Master Declaration. Plat BK 223 Pg 030-032

E. Dutch Meadows and Developer desire that the Property be developed in accordance with the Plat (as hereinafter defined) for residential use and related facilities.

F. Dutch Meadows and Developer deem it desirable to establish covenants, conditions and restrictions upon the Property and each and every portion thereof, and certain mutually beneficial restrictions and obligations with respect to the proper use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and enhancing the quality of life within the Property.

G. Dutch Meadows and Developer also deem it desirable for the efficient management of the Property to create an owners' association, which will be a Village Association as defined in the Master Declaration, to which will be delegated and assigned the powers of owning, managing, maintaining and administering the Common Areas within the Property and administering and enforcing these covenants, conditions, restrictions and easements, collecting and disbursing funds pursuant to the Assessments and charges hereinafter created, and the performance of such other acts as are herein provided or which generally benefit its members, the Property, and the owners of any interests therein.

H. The Las Campanas Estates I Association, a nonprofit corporation, has been, or will be, incorporated under the laws of the State of New Mexico for the purpose of exercising the powers and functions of a Village Association for the Property.

I. Dutch Meadows and Developer desire and intend that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other Persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights set forth herein and in the Master Declaration, all of which are declared to be in furtherance of a plan to promote and protect the Property.



DECLARATIONS

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NOW, THEREFORE, Dutch Meadows and Developer, for the purposes above set forth, declare that the Property shall be used for Single Family Residential Use, as defined and provided in the Master Declaration, and shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights set forth herein and in the Master Declaration, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall inure to the benefit of Developer, Dutch Meadows, the Related Entities and every other owner of any interest in the Property or any part thereof, the Association and each Member of the Association.

1. DEFINITIONS

The following terms used in the Declaration are defined as follows:

1.1 "Annexation Property" means any additional real property described on Exhibit "B" hereto (as such Exhibit may from time to time be amended by Developer pursuant to Section 14 hereof), which may be annexed to the Property and become a part thereof and subject to the Declaration, in accordance with Section 14.

1.4 "Articles" means the Articles of Incorporation of the Association, as amended from time to time, and of any successor thereto.

1.5 "Assessment Lien" means the lien created and imposed by Section 5.1.

1.6 "Assessments" include the following:

1.6.1 "Regular Assessment" is defined Section 5.3.

1.6.3 "Capital Improvement Assessment" is defined in Section 5.5.

1.6.4 "Reconstruction Assessment" is defined in Section 7.

1.7 "Association" means The Las Campanas Estates I Association, a New Mexico nonprofit corporation, its successors and assigns.

1.8 "Association Rules" means the rules and regulations adopted by the Board pursuant to Section 3.10 and any amendments or supplements thereto.

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

1.10 "Building Envelope" means the maximum developable area of a Lot, as provided in Section 10.2.2.

1.11 "Business Use" shall be construed to have its ordinary, generally accepted meaning and shall include any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. The leasing of an Owner's own Lot shall not be considered a trade or business. "Business Use" shall not include (a) the existence or operation of business activity not apparent or detectable by sight, sound or smell from outside the Lot on which it occurs; (b) business activity not involving individuals coming onto the Property who do not reside in the Property or door-to-door solicitation of residents of the Property; and (c) business activity consistent with the residential character of the Property and not a nuisance, or a hazardous or offensive use, or a threat to the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board.

1.12 "Bylaws" means the Bylaws of the Association adopted in accordance with the Articles, as such Bylaws may be amended or supplemented from time to time, and of any successor to the Association.

1.13 "City" means the City of Santa Fe, New Mexico, a municipal corporation of the State of New Mexico.

1.14 "Class A Member" and "Class A Membership" are defined in Section 3.17.

1.15 "Class B Member" and "Class B Membership" are defined in Section 3.17.

1.16 "Common Areas" means all real property and the improvements or amenities thereon which may from time to time be owned or leased by the Association or otherwise held by the Association for the common use and enjoyment of the Owners and Occupants. The Common Areas include, but are not limited to, the Private Roads. The Common Areas do not include any Golf Facilities. Any real property, and improvements or amenities thereon, which is described as part of the "common areas" in a Supplemental Declaration or the Plat shall be deemed to be part of the Common Areas for the common use and enjoyment of the Owners and Occupants, as may be provided, and shall, for all purposes, be integrated into and deemed to be a part of the Common Areas subject to the Declaration, unless otherwise specified in the Supplemental Declaration or the Plat.

1.17 "Common Expenses" means the costs incurred by the Association in conducting its operations and activities, in administering, maintaining and operating the Property, and in owning or leasing any portions thereof, including, but not limited to, the following:

(a) The costs of any maintenance, management, operation, repair and replacement of the Common Areas, including the Private Roads, and all other areas in the Property which are maintained by the Association other than those areas being managed or maintained as an Individual Charge pursuant to Section 5.4;

(b) The costs of any maintenance, repair and replacement of landscaping on Lots, and any additions thereto, all as provided in the last sentence of Section 9.2 hereof;

(c) Unpaid Assessments and Individual Charges;

(d) The costs of any maintenance by the Association of areas within the right-of-way of any public streets in the vicinity of the Property which may be provided for in the Declaration or pursuant to agreements with the County;

(e) The costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and employees;

(f) The costs of utilities and services, including, but not limited to, water, electricity, gas, sewer, trash pick up and disposal which are provided to the Association or the Property and not individually metered, assessed, or billed by Lot, landscaping maintenance, and other services which generally benefit and enhance the value and desirability of the Property and which are provided by the Association;

(g) The costs of insurance maintained by the Association as permitted herein;

(h) Reasonable reserves for contingencies, replacements and other proper purposes, if deemed appropriate by the Board, to meet anticipated costs and expenses including, but not limited to, maintenance, repairs and replacement of those Common Areas which must be maintained, repaired, or replaced on a periodic basis;

(i) The costs which the Board may elect to incur to bond the members of the Board, officers of the Association, any professional managing agent or any other Person handling the funds of the Association;

(j) Taxes paid by the Association;

(k) Amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas or portion(s) thereof;

(l) The costs incurred by the Design Review Committee;

(m) The costs incurred by any other committees established by the Board or the President;

(n) Subject to the qualifications in Section 5.6 hereof, the costs of security guards, and operation of any guard gates, key gates and like gates at entrances to the Property, and any other security systems or services installed, operated or contracted for by the Association other than security service to individual Lots; and

(o) Other expenses incurred by the Association for any reason whatsoever in connection with the Common Areas, or the costs of any other item or items designated by, or to be provided or performed by, the Association

pursuant to the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, or in furtherance of the purposes of the Association or in the discharge of any duties or powers of the Association.

Common Expenses do not include costs of owning, administering, maintaining and operating any Golf Facilities.

1.18 "Compound" means a consolidation of Lots by replatting, or a replatting of two or more contiguous Lots to permit a clustering or other relocation of dwellings. A Compound may have commonly owned amenities or other improvements as permitted in Section 11.14 and in accordance with the Design Guidelines.

1.19 "County" means the County of Santa Fe, a political subdivision of the State of New Mexico.

1.23 "Declaration" means this instrument and all Supplemental Declarations, as this instrument and such Supplemental Declarations may be amended from time to time.

1.24 "Default Rate of Interest" means an annual rate of interest equal to the prime rate announced by the First National Bank in Albuquerque (as the rate charged to its largest and most creditworthy customers) from time to time while interest is accruing (with interest hereunder adjusted as and when the announced prime rate is adjusted), plus 4% per annum, but never less than 18% (so that if, during any periods while interest is accruing, the announced prime rate plus 4% per annum is less than 18%, interest shall accrue during said periods at 18% per annum). Notwithstanding anything herein to the contrary, if, during any periods, the highest lawful rate of interest which may be paid by the Person required to pay the Default Rate of Interest hereunder, despite the provisions hereof, is less than the rate provided above, the interest payable by such Person during said periods shall be the highest lawful rate. If the First National Bank in Albuquerque should cease doing business or no longer announce its prime rate as described above, the Board may compute interest hereunder upon the announced prime rate of any other bank doing business in Santa Fe or Albuquerque. If banks should cease announcing prime rates, the Board may elect to use 18% as the Default Rate of Interest, or may specify the rate, in lieu of said prime rate, for purposes of the computation hereunder which the Association would reasonably have to pay to borrow money at the time.

1.25 "Design Guidelines" means the rules, regulations, restrictions, architectural standards and design guidelines from time to time adopted by the Design Review Committee pursuant to Section 10.2.

1.26 "Design Review Committee" means the committee provided for in Section 10.

1.27 "Developer" means Las Campanas Corporation, a New Mexico corporation, its successors and assigns, or any Person to whom Developer's rights hereunder are hereafter assigned in whole or in part by Recorded instrument, or any Mortgagee of Developer which acquires title to or succeeds to the interest of Developer in any Lot or other portion of the Property by reason of the foreclosure (or conveyance in lieu of foreclosure) or trustee's

sale under the Mortgage of said Mortgagee. The term "Developer", as used herein, shall include not only the named Developer but also any of the foregoing successors, assigns, assignees of right(s) and Mortgagees. An assignment by Recorded instrument of all of Developer's rights shall vest in the assignee all of Developer's rights hereunder (including, but not limited to, all of Developer's easements, rights of consent or approval and voting right) on the same terms that they were held by Developer pursuant hereto. An assignment by Recorded instrument of part of Developer's rights shall vest in the assignee the specific Developer's right(s) named in the instrument of assignment on the same terms that they were held by Developer pursuant hereto. Notwithstanding anything to the contrary herein, an assignment of all or any portion of Developer's rights shall not deprive the assignor of any protection, indemnity or freedom from liability that would otherwise exist under the Declaration if the assignor had retained all of the Developer's rights hereunder.

1.28 "Dutch Meadows" means Dutch Meadows Limited Partnership, a New Mexico limited partnership, its successors and assigns, or any Person to whom Dutch Meadows' rights hereunder are hereafter assigned in whole or in part by Recorded instrument, or any Mortgagee of Dutch Meadows which acquires title to or succeeds to the interest of Dutch Meadows in any Lot or other portion of the Property by reason of the foreclosure (or conveyance in lieu of foreclosure) or trustee's sale under the Mortgage of said Mortgagee. The term "Dutch Meadows", as used herein, shall include not only Dutch Meadows but also any of the foregoing successors, assigns, assignees of right(s) and Mortgagees. An assignment by Recorded instrument of all of Dutch Meadows' rights shall vest in the assignee all of Dutch Meadows' rights hereunder (including, but not limited to, all of Dutch Meadows' easements, rights of consent or approval and voting right) on the same terms that they were held by Dutch Meadows pursuant hereto. An assignment by Recorded instrument of part of Dutch Meadows' rights shall vest in the assignee the specific Dutch Meadows' right(s) named in the instrument of assignment on the same terms that they were held by Dutch Meadows pursuant hereto. Notwithstanding anything to the contrary herein, an assignment of all or any portion of Dutch Meadows' rights shall not deprive the assignor of any protection, indemnity or freedom from liability that would otherwise exist under the Declaration if the assignor had retained all of the Dutch Meadows' rights hereunder.

1.29 "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property.

1.30 "First Mortgagee" means the holder of a First Mortgage.

1.31 "Golf Facilities" means any golf course(s) and related facilities to be operated at Las Campanas de Santa Fe and all appurtenances thereto (including, but not limited to, easements benefiting said property), including the maintenance and other buildings, vehicles and equipment associated therewith, together with any clubhouses and related facilities used in connection with any golf courses. The Golf Facilities are not part of the Property nor are they Common Areas.

1.32 "Insurance Trustee" is defined in Section 7.6. 732343

1.33 "Lot" means a portion of the Property shown as a subdivided lot on the Plat. A "Lot" shall not include any Common Areas. A "Lot" includes the residential dwelling unit, garages, structures and other improvements constructed thereon.

1.34 "Majority of Members" means the Members holding more than 50% of the total votes entitled to be cast by Members (including Developer so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration) with respect to a given matter (not just those represented at a meeting); and any specified fraction or percentage of the Members (or any Class of Members) means that fraction or percentage of the total votes entitled to be cast by Members (including Developer so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration), or by the Class of Members, with respect to a given matter. A "[specified fraction or percentage] of all of the Members except Developer" or of "the Class A Members (excluding Developer)" means that fraction or percentage of the total votes of all Members entitled to be cast other than votes held by Developer. Unless otherwise specified, any provision herein requiring the approval of the Members means the approval of a majority of a quorum of Members, as provided in the Articles and Bylaws. A "majority of a quorum of Members" means the Members holding more than 50% of the total votes entitled to be cast by the Members who are present (in person or by proxy) at a meeting at which a quorum of Members (as defined in the Bylaws) is present.

1.35 "Master Association" means the Master Association as defined in the Master Declaration.

1.36 "Master Declaration" means the Master Declaration as defined in the Recitals hereof and any supplements thereto, as the Master Declaration and any supplements may be amended from time to time.

1.37 "Member" means every Person who is a member of the Association.

1.38 "Membership" means a membership in the Association. "Membership" and "Member" do not in any manner imply or refer to membership rights or privileges which may exist by contract with respect to the Golf Facilities and other recreational amenities at the Project.

1.39 "Mortgage" means any Recorded, filed or otherwise perfected instrument, which is not a fraudulent conveyance under New Mexico law, given in good faith and for valuable consideration as security for the performance of an obligation, including, but not limited to, a deed of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code.

1.40 "Mortgagee" means the holder of a note secured by a Mortgage, including the trustee and beneficiary under any deed of trust.

1.41 "Mortgagor" means the party executing a Mortgage as obligor.

1.42 "Occupant" means any Person, other than an Owner, in rightful possession of a Lot, whether as a guest, tenant or otherwise.

1.43 "Owner" means the Record owner, whether one or more Persons, of fee simple title, whether or not subject to any Mortgage, of any Lot, including contract purchasers but excluding those having such interest merely as security for the performance of an obligation. If fee simple title to any Lot is vested of Record in a trustee pursuant to New Mexico law, legal title shall be deemed to be in the beneficiary. 732344

1.44 "Parcel" means the real property referred to in the Recitals hereof and described in Exhibit "A" hereto.

1.45 "Person" means an individual, corporation, partnership, trustee or other entity capable of holding title to real property, and their respective heirs, personal representatives, successors and assigns.

1.46 "Plat" means the plat of subdivision of the Parcel as first Recorded in the real property records of Santa Fe County, New Mexico, in Book 223 of Maps, at page 030-032 and as thereafter from time to time amended or supplemented. The Plat may depict real property not subject to the Declaration without effecting an annexation of such property or subjecting it in any manner to the provisions hereof.

1.47 "President" means the duly elected or appointed president of the Association.

1.48 "Private Roads" and "Private Streets" are synonymous and mean any street, roadway, drive, sidewalk, walkway, path or other right-of-way within, or partly within, the Property which, except as hereinafter provided, has not expressly been dedicated to the public use (and include, but are not limited to, any streets and rights-of-way designated as private access ways and public utility easements on the Plat). In the event that the Association elects to dedicate a Private Road to public use and expenses must be incurred for the purpose of bringing the Private Road into conformance with specifications of the County, the expenses shall be considered costs of capital improvements and subject to the provisions hereof for Capital Improvement Assessments.

1.49 "Property" means the Parcel, and any portion(s) of the Annexation Property annexed to the Parcel pursuant to Section 14 hereof after completion of the annexation, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto.

1.50 "Proportionate Share" means that fraction wherein the numerator is one and the denominator is the total number of Lots in the Property at the time of calculation.

1.51 "Record," "Recording" or "Recordation" means an instrument of record in, or the act of recording an instrument with, the office of the County Recorder for Santa Fe County, New Mexico.

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1.52 "Related Entity" means any partner in Dutch Meadows and any partner, trustee, officer, director, shareholder, principal or similar Person holding an interest or position in Developer or in any partner in Dutch Meadows, and their successors and assigns.

1.53 "Related Entity Owner" means any Related Entity to whom a Lot is transferred by distribution or by means other than a purchase for value.

1.54 "Retail Purchaser" means a Person who purchases a Lot in a retail transaction and shall not include Developer, Dutch Meadows, any Related Entity, any Related Entity Owner, a Village Builder, or any other Person who acquired the Lot (i) solely for the purpose of development and resale in one or a series of retail transactions, (ii) by distribution (as distinguished from purchase), (iii) in a bulk sale transaction, or (iv) in any similar transaction.

1.55 "Supplemental Declaration" means a declaration of covenants, conditions, restrictions, assessments, changes, servitudes, liens, reservations and easements, or a similar instrument, annexing additional real property to the Property and subjecting such additional property to the Declaration, as provided in Section 14.

1.56 "Taking" is defined in Section 8.1.

1.57 "Transition Date" is defined in Section 3.17.

## 2. RIGHTS OF ENJOYMENT

2.1 Owners' Right of Enjoyment. Every Owner and Occupant shall have a nonexclusive easement to use and enjoy the Common Areas, and shall be subject to all of the easements, covenants, conditions, restrictions and other provisions contained in the Declaration, including, but not limited to, the following provisions:

2.1.1 The right of the Board to impose reasonable limits on the number of guests of Owners and Occupants and to impose reasonable limits on the use of the Common Areas by Persons who are not Owners.

2.1.2 The right of the Board to establish reasonable rules and regulations pertaining to or restricting the use of the Common Areas by Owners, Occupants or other Persons.

2.1.3 The right of the Board to borrow money for the purpose of improving, replacing, restoring or expanding the Common Areas or adding new Common Areas and, in aid thereof, to mortgage said property, provided that the rights of the lender thereunder shall be subordinated to the rights of the Owners.



2.1.4 The right of the Board to suspend the right of an Owner or any Person (including, but not limited to, a member of the family of an Owner) to use the Common Areas or any designated portion thereof (and to suspend the Owner's voting rights) during any time in which any Assessment or Individual Charge respecting such Owner or such Owner's Lot remains unpaid and delinquent, or for any infraction of the Association Rules or breach of the Declaration, and for any repetition of such payment delinquency or infraction, in accordance with the provisions of the Declaration and the Bylaws. Notwithstanding the foregoing, the Board shall not have the right hereunder to limit or suspend any Owner's rights to such an extent that the Owner is denied access to his Lot.

2.2 Delegation of Use. No Owner may delegate his right to use and enjoy the Common Areas to any Person, except to the members of his immediate family, to Occupants of his Lot or to his invitees as permitted by the Association Rules.

2.3 Waiver of Use. No Owner may exempt himself, and no Owner shall be exempt, from personal liability for Assessments or Individual Charges, and no Owner may release any Lot owned by him from the liens, charges and other provisions of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, by voluntary waiver of, or suspension or restriction of, the Owner's right to use and enjoy the Common Areas, or by the abandonment of the Owner's Lot.

2.4 Golf Facilities. The Golf Facilities are not Common Areas hereunder and are not subject to the Declaration, and no provision of the Declaration gives, or shall be deemed to give, any Owner or Occupant the right to use the Golf Facilities.

### 3. ASSOCIATION

3.1 Purpose of Association. The Association has been, or will be, incorporated as a nonprofit corporation to serve as a Village Association under the Master Declaration and as the governing body for all of the Owners for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Property; the assessment of expenses, payment of losses and disposition of casualty insurance proceeds; and other matters as provided in the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of the Declaration, the Articles and the Bylaws.

3.2 Membership in Association. There shall be one membership in the Association with one membership vote for each Lot in the Property except as provided in Sections 3.4, 3.17 and 5.6 hereof. Subject to Section 3.20, a Class A Membership shall be entitled to one vote on each matter to be decided. An Owner shall be entitled to one membership in the Association for each Lot he owns so long as he is the Owner of the Lot. If the Owner of a Lot is other than one individual or entity, the Owner shall specify in writing to the Association the individual or entity who is entitled to exercise the rights and privileges of the Member of the Association for the Lot. In the absence of such written

specification, Assessments and Individual Charges shall nevertheless be charged against the Lot and Owner thereof, but there shall be no right to cast the membership vote. The Member must be an individual who is either an Owner, or if the Owner is or includes a Person other than an individual, an individual who is a partner, if the Owner is or includes a partnership; or an officer of the corporation, if the Owner is or includes a corporation; or a beneficiary of the trust, if the Owner is or includes a trust; or an owner of the entity, if the Owner is or includes a Person other than an individual, a partnership, a corporation or a trust. The Member, as so specified, shall be the only Person entitled to vote for the Owner of the Lot at Association meetings and elections. An Owner may change the individual who is the Member for his Lot, provided each such individual is eligible to be a Member hereunder, in such manner and with such frequency, and subject to such reasonable processing fees, as the Board from time to time may permit.

3.3 Pledge of Voting Rights. Notwithstanding the foregoing, in the event that an Owner has granted an irrevocable proxy or otherwise pledged the voting right appurtenant to his Lot to a Mortgagee as additional security, only the vote of such Mortgagee will be recognized in regard to the matters designated in the proxy or assignment if a copy of such proxy or other instrument pledging such vote has been filed with the Association. In the event that more than one such instrument has been filed, the Association shall recognize the rights of the first Mortgagee to so file, regardless of the priority of the Mortgages themselves.

3.4 Developer's Voting Rights and Assignment Thereof. Notwithstanding anything to the contrary herein, Developer shall be entitled to any Membership(s) and any votes for each Lot owned by Dutch Meadows, Developer, or any Related Entity Owner. Such Membership(s) shall be Class B Memberships until the Transition Date, as provided in Section 3.17. As long as Class B Memberships exist hereunder, each Class B Membership shall be entitled to three votes on any matter to be decided for each one vote on the same matter allowed to a Class A Membership. If any lender to whom Developer has assigned, or hereafter assigns, all or substantially all of its rights under the Declaration as security succeeds to the interests of Developer by virtue of such an assignment, the voting rights of Developer provided for in this Section 3.4 and in Section 3.17 shall not be terminated thereby, and the lender shall hold Developer's memberships and voting rights on the same terms as they were held by Developer pursuant hereto.

3.5 Board of Directors. The affairs of the Association shall be conducted by the Board as herein provided and in accordance with the Articles and Bylaws. Except for directors elected by Developer and directors that are employees of Developer, each director shall be a Member. If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director and his place on the Board shall be deemed vacant.

3.6 Duties and Powers of the President. The powers of the President shall be as established in the Bylaws. To the extent not prohibited by law, or as otherwise herein expressly limited, the President of the Association may be empowered under the Bylaws to exercise control over the affairs of the Association and to act on behalf of, and bind, the Association in every instance wherein the Association is required or permitted to take any action.

3.7 Board's Determination Binding. In the event of any dispute or disagreement between or among any Owners, Members, or any other Persons subject to the Declaration, relating to the Property, or any question of interpretation or application of the provisions of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the determination thereof by the Board shall be final and binding on each and all of such Owners, Members or Persons in the absence of ruling by a court of competent jurisdiction (subject to Section 13 hereof). The Board, at its election, may delegate the resolution of such dispute or disagreement to the President or a committee appointed by the Board.

3.8 Approval of Members. Unless elsewhere otherwise specifically provided in the Declaration, the Articles or Bylaws, any provision of the Declaration, the Articles or Bylaws which requires the vote or written assent of the Members of the Association or of any Class of Members shall be deemed satisfied by the following:

(a) The vote in person or by proxy of the specified percentage of Members (or Class) entitled to vote at a meeting duly called and noticed pursuant to the provisions of the Articles or Bylaws dealing with annual or special meetings of the Members; or

(b) Written consents signed by the specified percentage of Members (or Class) entitled to vote, if permitted in the Bylaws.

(c) If no percentage of Members (or of the particular Class of Members) is otherwise specified, then the vote or written assent of a Majority of Members (or of the specified Class) shall be required.

3.9 Additional Provisions in Articles and Bylaws. The Articles and Bylaws may contain any provision relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and Members not inconsistent with law or the Declaration. So long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration, neither the Articles nor the Bylaws may be amended, supplemented or withdrawn without the prior consent of Developer.

3.10 Association Rules. The Board shall be empowered to adopt, amend and repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding upon all Persons subject to the Declaration and governing the use and/or occupancy of the Common Areas and any other part(s) of the Property. The Association Rules may include the establishment of a system of fines and penalties enforceable as Individual Charges. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, but not limited to, the use of the Common Areas; provided, however, that the Association Rules may not discriminate among Owners and Members except as expressly provided or permitted herein, and shall not be inconsistent with the Declaration, the Articles, Bylaws or Design Guidelines. The Association Rules shall have the same force and effect as if they were set forth in and were part of the Declaration and (subject to Section 13 hereof) shall be binding on the Owners and Members, and all other Persons having any interest in, or making any use of, the Property. The Association Rules shall be available at the principal office of the Association to each Owner or other Person reasonably entitled thereto, upon request. In the event of any conflict

between any provision of the Association Rules and any provisions of the Declaration, or the Articles, Bylaws or Design Guidelines, the provisions of the Association Rules shall be deemed to be superseded by the provisions of the Declaration, the Articles, Bylaws or Design Guidelines to the extent of any such conflict.

3.11 Indemnification. To the fullest extent permitted by law, every director and officer of the Association, every member of the Design Review Committee, Developer, Dutch Meadows and every Related Entity (to the extent a claim may be brought against Developer, Dutch Meadows or any Related Entity by reason of any appointment, removal or control over members of the Board or the Design Review Committee) shall be indemnified by the Association, and every other Person serving as an employee or direct agent of the Association, or on behalf of the Association as a member of a committee or otherwise, may, in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including, but not limited to, attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or in the case of Developer, Dutch Meadows or any Related Entity, by reason of having appointed, removed or controlled or failed to control members of the Board or the Design Review Committee), or any settlement thereof, whether or not he is a director, officer or member of the Design Review Committee or serving in such other specified capacity at the time such expenses are incurred, provided that the Board shall determine, in good faith, that the Person to be indemnified hereunder did not act, fail to act, or refuse to act with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such Persons may be entitled at law or otherwise.

3.12 Non-Liability of Officials. To the fullest extent permitted by law, Developer, the Board, the Design Review Committee, Dutch Meadows, the Related Entities and other committees of the Association and all members thereof, and any officers of the Association, shall not be liable to any Member, Owner, Occupant, the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of drawings or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which Developer, the President, the Board, Dutch Meadows, the Related Entity or such committees or Persons reasonably believed to be within the scope of their respective duties.

3.13 Easements. In addition to the blanket easements granted in Section 4.1, the Board is authorized and empowered to grant upon, across or under real property owned or controlled by the Association such permits, licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private utility purposes, security lines, roadways or other purposes as may be reasonably necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Areas or for the preservation of the health, safety, convenience and welfare of the Owners, provided that any damage to a Lot resulting from such grant shall be repaired by the Association at its expense.

3.14 Accounting. The Association, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally accepted accounting principles, which shall specify in reasonable detail all expenses incurred and funds accumulated from Assessments or otherwise. Notwithstanding anything to the contrary herein, the Association's records of account may be kept on a cash accounting basis if the Board so elects, subject to the requirements of applicable law.

3.15 Records. Upon reasonable written request and pursuant to procedures established in the Bylaws, the Association shall make the books, records and financial statements of the Association available for inspection by each Owner and Member together with current copies, as amended from time to time, of the Declaration and the Articles, Bylaws, Association Rules and Design Guidelines. Notwithstanding the foregoing to the contrary, until January 1, 1995, the Association shall not be required to make its books and records available for inspection except as required by law. Developer shall be under no obligation to make its own books and records available for inspection by any Owner, Member or other Person. The books and records of the Association may be audited or unaudited as the Board from time to time may determine.

3.16 Managing Agent. All powers, duties and rights of the Association or the Board, as provided by law and herein, may be delegated to a managing agent, including, but not limited to, the Master Association, under a management agreement; provided, however, that no such delegation shall relieve the Association of its obligation to perform any such delegated duty. Other than as necessary to comply with any requirements under the Master Declaration, any agreement for management, or any other contract providing for services to the Association, shall not exceed a term of three years, which term may be renewed by agreement of the parties for successive one-year periods, and shall further provide for termination by either party with or without cause and without payment of a termination fee upon 90 days' written notice.

3.17 Transition. Notwithstanding anything in the Declaration to the contrary, until the Transition Date, Developer shall hold a Class B Membership for each Lot in the Property owned by Dutch Meadows, Developer, or any Related Entity Owner, and Developer shall maintain absolute control over the Association, including, but not limited to, amendment of the Articles, appointment of the President, the members of the Board, and the members of the Design Review Committee. Other Owners will be Class A Members and hold a Class A Membership for each Lot owned. Until the Transition Date, only Class B votes will be entitled to be cast with respect to the election of directors to the Board, removal of directors or any other matter requiring the approval of the Members except a vote of the Members as required in accordance with Sections 3.19, 5.5, 5.6, 7.3, 16.5 and 17. Notwithstanding the foregoing, prior to the Transition Date Developer may from time to time (but shall not be required to) allow the Class A Members to vote on any or all matters to be decided hereunder (in addition to those specified in the preceding sentence). Any vote permitted by Developer pursuant to the preceding sentence shall not cause the Transition Date to occur and shall not affect or impair Developer's Class B voting rights hereunder. By way of illustration, and not limitation, prior to the Transition Date, Developer may from time to time (but shall not be required to) allow the Class A Members to vote on one or more matters as to which the Declaration would require a vote of Members if the decision occurred after the Transition Date. The Transition Date shall be the date when Class B Memberships are

irrevocably converted to Class A Memberships. This conversion shall occur automatically on the first to occur of (i) January 1, 2000; or (ii) such date as Developer may elect as provided in the next sentence. Developer voluntarily may (but shall not be required to) cause the conversion of Class B Memberships to Class A Memberships at any time after January 1, 1995.

3.18 Security. The Association may require that any Owner wishing security service (including, but not limited to, patrol service and fire and burglar alarm protection) for his particular Lot, as distinguished from general security service described in Section 1.18(n), obtain the service from a Person (which could be the Master Association) selected by the Board to provide such service to all Owners in the Property wishing such service. The fees for any such service would not be part of the Regular Assessments.

3.19 Mergers, Consolidations and Federations. The Association shall have the right and power to participate in mergers, consolidations and federations with any other non-profit corporations or associations regardless of whether the objects, purposes, rights and powers of such non-profit corporations or associations are lesser than, the same as, or greater than those of the Association. After the Transition Date any proposed merger, consolidation or federation shall not be effective or voted upon by the Owners without prior approval of the Master Association Board, the Board and Developer (so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration). After the Transition Date and any required approvals, any such merger, consolidation or federation shall be consummated only upon an affirmative vote of two-thirds of the Class A Members (excluding Developer). Upon any such merger or consolidation, all of the properties, rights and obligations of the other non-profit corporation or association shall be transferred to and assumed by the Association as the survivor, or alternatively, all the properties, rights and obligations of the Association shall be transferred to and assumed by the surviving or newly created non-profit corporation or association.

3.20 Cumulative Voting for Board Members. Except as provided in the Articles or Bylaws with respect to Developer's appointment of members of the Board, in any election of the members of the Board, there shall be one vote allowed to each Class A Membership entitled to vote and three votes allowed to each Class B Membership for every directorship position to be filled. Votes may be cumulated for one candidate or divided among any number of the candidates as set forth more fully in the Articles and Bylaws.

#### 4. EASEMENTS

4.1 Blanket Easements and Utility Construction Easements. There is hereby created a blanket easement upon, across, over and under the Property for ingress and egress for the purposes of installing, constructing, replacing, repairing, maintaining and operating all utilities (whether public or private), including, but not limited to, water, sewer, gas, telephone, electricity, cable (including, but not limited to, television cable), security systems, and communication lines and systems, and in addition thereto for the use of emergency vehicles of all types. By virtue of the easement, it shall be expressly permissible for Developer and its contractors, and/or the Association, and/or the providing utility company to construct (including, but

not limited to, underground installation) and maintain the necessary facilities, wires, circuits, conduits, cables and related appurtenances, facilities and equipment on the Property, including, but not limited to, the Lots, and to enter upon said Property, including, but not limited to, the Lots, to accomplish the foregoing. Without limiting the generality, scope or duration of the easements described hereinabove in this Section 4.1, there is hereby additionally created the following temporary construction easement for the purpose of the construction of the improvements contemplated by the underlying permanent easement described on the Plat, including the right to enter upon the hereinafter described land and to clear, grade, level, excavate, fill, install and build the improvements contemplated for the underlying permanent easement described on the Plat:

A strip of land 20 feet on either side of the centerline of, and which shall be concurrent with and overlay, each of the easements designated as a water line easement (W.L.E.), a sewer line easement (S.L.E.) or a public utilities easement (P.U.E.), or any similar easement on the Plat;

provided, however, the easement granted in this sentence shall automatically terminate and be of no further force and effect at such time as the improvements defined by the underlying permanent easement are complete and accepted by Developer, the Board and the County or any utility company having the right of approval thereof.

4.2 Use of Common Areas. Except for the use limitations provided in Section 4.3, each Owner shall have the nonexclusive right to use the Common Areas in common with all other Owners as required for the purposes of access and ingress to and egress from (and use, occupancy and enjoyment of) any Lot owned by the Owner or Common Areas available for the Owner's use. The right to use the Common Areas for purposes of access and ingress and egress shall, subject to the Association Rules, extend to each Owner, Occupant and the agents, servants, tenants, family members and invitees of each Owner. This right to use the Common Areas shall be appurtenant to each respective Lot, subject to and governed by the provisions of the Declaration, the Articles, Bylaws and Association Rules and such reasonable limitations and restrictions as may from time to time be contained therein.

4.3 Exclusive Use Rights. Certain portions of the Common Areas may be reserved by the Declaration (or any amendment or supplement thereto), the Plat (or any amendment or supplement thereto) or the Board for the exclusive control, possession and use by the Owner of a Lot or the Owners of more than one but fewer than all Lots. If such an area serves as access to and from two or more Lots, the Owners of the affected Lots shall have joint control, possession and use of the portion of the area that reasonably serves the Lots. The exclusive use rights created herein are subject to the blanket utility easement, maintenance, and architectural and landscape control provisions contained in the Declaration and to such reasonable rules and regulations with respect to possession, control, use and maintenance as the Board may from time to time promulgate. Easements are hereby created in favor of and running with each Lot having such an area for the exclusive control and

use of each such area. Each Owner, by accepting title to a Lot, and each Member shall be deemed to have further ratified the easements and rights to exclusive use created by this Section 4.3.

4.4 Wall or Fence Easement. There is hereby created an affirmative easement in favor of Developer, the Association and the Master Association, their employees and agents, upon, over and across each Lot affected for reasonable ingress, egress, installation, replacement, maintenance and repair of a perimeter wall, fence or other boundary control for the Property and/or Las Campanas de Santa Fe.

4.5 Developer Easement. There is hereby created an affirmative, nonexclusive easement in favor of Developer (and the employees, agents, invitees, licensees, contractors and guests of Developer), and appurtenant to portions of the Property owned by Dutch Meadows, Developer or any Related Entity Owner and the Annexation Property (whether or not ever annexed or ever withdrawn from being Annexation Property), for ingress and egress over all Common Areas, including, but not limited to, Private Streets, and for Developer (and the employees, agents, invitees, licensees, contractors and guests of Developer) to go over, under and across, and to enter and remain upon all Common Areas and all unoccupied Lots for all purposes reasonably related to Developer's rights and obligations hereunder and to the development, management, administration, operation, maintenance, advertisement and sale or rental of the portions of the Property and the Annexation Property owned by Dutch Meadows, Developer or any Related Entity Owner. The easement created in this Section 4.5 shall continue until the later to occur of (i) the Transition Date, or (ii) the day on which title to all of the Property and Annexation Property owned by Dutch Meadows, Developer or any Related Entity Owner is conveyed to Retail Purchasers.

4.6 Master Association Easement. There is hereby created an affirmative, nonexclusive easement in favor of the Master Association for ingress and egress over all the Property for the purpose of enabling the Master Association and its contractors, employees, representatives and agents to implement the provisions of the Master Declaration.

4.7 Easements for Annexation and Other Property. There is hereby created on, over and under the Private Streets easements appurtenant to the Annexation Property and the property containing facilities related to Las Campanas de Santa Fe (including, but not limited to, the property operated as the Golf Facilities) for ingress and egress and access to and from the various portions of said property and for installing, constructing, replacing, repairing, maintaining and operating all utilities and utility services (whether public or private), including, but not limited to, all those utilities and services described in Section 4.1, to and from said property to which the easements are appurtenant.

4.8 Revegetation and Restoration Easement. There are hereby created affirmative, nonexclusive easements in favor of Developer and the Association and their contractors, agents and employees (a) to go upon any Lot which contains areas that prior to the date hereof were parts of roadways that have been abandoned or are otherwise not in use, or that were cleared or partially cleared of vegetation in the past for some other reason, to grade, shape, level or fill the areas or portions thereof to restore them to a more



natural appearing terrain, and to remove such earth or bring in such fill as Developer or the Association deems appropriate to accomplish the restoration; and (b) to go upon any Lot to plant or seed, and to provide temporary maintenance for, indigenous vegetation and grasses of Developer's choice (so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration and thereafter, indigenous vegetation and grasses of the Board's choice) on any areas of the Lot in order to (i) replant areas that prior to the date hereof were parts of roadways that have been abandoned or are otherwise not in use, or that were cleared or partially cleared of vegetation in the past for some other reason, or (ii) maintain the aesthetic integrity of the Property; and to provide temporary water to such vegetation at the expense of the party causing the revegetation to be performed or at the expense of the Owner, as an Individual Charge, if the area was cleared by the Owner or Occupant of such Owner's Lot, or the invitee, guest, contractor, or other authorized visitor of either in violation of the Declaration or the Design Guidelines.

## 5. ASSESSMENTS

5.1 Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed or other conveyance of an interest in a Lot and/or title thereto, is deemed to covenant and agree to pay to the Association: Regular Assessments, Individual Charges, Capital Improvement Assessments, and Reconstruction Assessments, such Assessments and Individual Charges to be established and collected from time to time as provided in the Declaration. The Assessments and Individual Charges, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof, as hereinafter provided, shall be a continuing lien (the "Assessment Lien") upon any Lot (or combined Lots as provided in Section 11.14) against which the Assessments and Individual Charges are made. Each Assessment and Individual Charge, together with such interest and other costs, shall also be the personal obligation of the Owner to whom such Assessment or Individual Charge relates. The personal obligation for delinquent payments shall not pass to an Owner's successor in title unless expressly assumed by him.

5.2 Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the Owners, to enhance the quality of life within the Property, to preserve the value of the Property, to pay the costs of administration of the Association and all other Common Expenses, and otherwise to further the interests of the Association. Where a Lot has separate security, gas, electrical, sewer (subject to the provisions of Section 14.8 of the Master Declaration) or other similar services, all costs related to them (including, but not limited to, service charges, repairs and maintenance) shall be the personal obligation of each Owner and shall not be a part of the Common Expenses to be paid through Regular Assessments.

### 5.3 Regular Assessments.

5.3.1 Obligation to Pay. No Regular Assessments shall be levied or due prior to January 1, 1995. Except as otherwise specifically provided herein, each Owner shall pay as his Regular Assessment for his Lot such Owner's Proportionate Share of the Common Expenses. Except as otherwise

specifically provided herein, payment of Regular Assessments shall be in such amounts and at such times as may be provided in the Articles and Bylaws or as determined by the Board for the purpose of paying and satisfying Common Expenses other than expenses related to capital improvements (dealt with in Section 5.5) and to reconstruction of Common Areas (dealt with in Section 7).

5.3.2 Annual Calculation. Not less than 45 days nor more than 60 days prior to the beginning of each fiscal year of the Association starting with the 1995 fiscal year, the Board shall make available for review by each Owner a pro forma operating statement or budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expenses to be incurred for the fiscal year. The Board shall at that time determine the amount of the Regular Assessment to be paid by each Owner for his Lot and notify the Owner thereof. The Regular Assessment to be paid by each Owner for each Membership subject to Assessments shall equal the Owner's Proportionate Share of the estimated total Common Expenses (or any supplemental estimate under Section 5.3.3 below). Each Owner shall thereafter pay his Regular Assessment to the Association at such regular intervals as may be fixed by the Board. Each such installment shall be due and payable on the date set forth in the written notice sent to Owners. The fiscal year of the Association shall be the calendar year, unless otherwise specified in the Articles or Bylaws.

5.3.3 Adjustment During a Year. Regular Assessments may be adjusted during any fiscal year as follows:

(a) If the Board determines that the total Regular Assessments for the current year are, or will become, inadequate to meet all Common Expenses for whatever reason, including Common Expenses in excess of the estimated Common Expenses used in preparation of the Association's budget for that year, the President shall then immediately determine the approximate amount of such inadequacy and, with the consent of the Board, issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessments to be paid for each Lot for the balance of the year, and the date or dates when due.

(b) If the estimated total Regular Assessments for any current year prove to be excessive in light of the actual Common Expenses, the Association may, at the discretion of the Board, retain such excess as additional working capital or reserves, reduce the amount of the Regular Assessments for the succeeding year, or abate collection of Regular Assessments for such period as it deems appropriate. No reduction or abatement of Regular Assessments because of any such anticipated surplus may diminish the quantity or quality of services upon which the Common Expenses for the year in question are based.

5.4 Individual Charges. Individual Charges shall be levied by the Association against an Owner and his Lot for:

5.4.1 Costs incurred in bringing an Owner or his Lot into compliance with the provisions of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines;

5.4.2 Any other charge designated as an Individual Charge in the Declaration, the Articles, Bylaws or Association Rules;

5.4.3 Fines levied or fixed by the Design Review Committee under Section 10.8 or as otherwise provided herein; and

5.4.4 Attorneys' fees, interest and other costs or charges provided to be paid as, or which are incurred in connection with, an Individual Charge in accordance with the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines.

In the event the Association undertakes to provide materials or services which benefit individual Owners or Lots and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, agree that the costs thereof shall be an Individual Charge.

5.5 Capital Improvement Assessments. In addition to the Regular Assessments, the Board may levy a Capital Improvement Assessment in any calendar year after the year 1999, for the purpose of defraying, in whole or in part, the cost of any action or undertaking on behalf of the Association in connection with, or the cost of, any construction or replacement of capital improvements upon the Common Areas, including the necessary fixtures and personal property related thereto, to the extent the same is not covered by the provisions affecting Reconstruction Assessments in Section 7. Without the vote of a Majority of Class A Members (excluding Developer) and the consent of Developer (so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration), the Board shall not impose a Capital Improvement Assessment which will result in an amount being due in any one fiscal year which exceeds twenty percent of the estimated annual Common Expenses. Any reserves collected by the Association for the future maintenance and repair of the Common Areas, or any portion thereof, shall not be included in determining the foregoing limitation on any annual Capital Improvement Assessment. All amounts collected as Capital Improvement Assessments (a) may only be used for capital improvements, (b) shall be deposited by the Association in a separate bank account to be held in trust for such purposes, (c) shall not be commingled with any other funds of the Association, and (d) shall be deemed a contribution to the capital account of the Association by the Owners.

5.6 Uniform Assessment. Except as provided in this Section 5.6 and Section 5.15, Regular Assessments and any Capital Improvement Assessments and Reconstruction Assessments shall be uniform for all Lots. Notwithstanding anything to the contrary herein, at any time after January 1, 1995, when twenty residential dwelling units within the Property are substantially complete, the Members holding memberships attributable to Lots containing substantially complete residential dwelling units may, from time to time, by a two-thirds vote of such Members only (as calculated in accordance with Section 1.34 hereof) elect to man the guard gates at entries to the Property for such hours as they may elect from time to time. A residential dwelling unit shall be deemed substantially complete for purposes of this Section 5.6 if final inspection approval (or equivalent approval) of the dwelling unit has been given by the County (or any other applicable governmental entity) or if the dwelling unit is occupied. The cost of manning the guard gates shall be an additional Regular Assessment upon all Lots containing substantially complete residential dwelling units which are then subject to Assessments. Any Assessments imposed pursuant to this Section 5.6 shall be in addition to and not in lieu of Assessments otherwise authorized by Section 5.3. Moreover, the special rights granted to Owners of substantially complete dwelling

units by this Section shall in no way diminish the right of Members to elect to man guard gates and to have the cost of manning the gates paid as a Common Expense of the Association.

5.7 Exempt Property. All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments and charges created herein for so long as they continue to qualify as Exempt Property.

5.8 Time and Manner of Payment; Late Charges and Interest. Assessments and Individual Charges shall be due and payable by Owners in such manner and at such times as the Board shall designate. If not paid when due, each such Assessment and Individual Charge shall have added to it a late charge equal to 10% of the amount of Assessment or Individual Charge, or such other charge as the Board may specify from time to time. Thereafter, any such delinquent Assessment or Individual Charge and the applicable late charge shall bear interest from the tenth day after the due date at the Default Rate of Interest until paid. Alternatively, the Board may from time to time fix a schedule of late charges (not directly requiring the computation of changing interest rates) applicable to delinquent Assessments and Individual Charges. The Board may, in its discretion and without waiving the imposition of a late charge or interest in any other instance, waive the late charge and/or interest in any particular instance. A delinquent Owner shall also be liable for attorneys' fees and other related costs incurred by the Association as a result of his delinquency and, if any suit, action or arbitration proceeding is brought to collect and/or foreclose the Assessment Lien for any such Assessment or Individual Charge, then there shall be added to the amount thereof the costs of suit and reasonable attorneys' fees to be fixed by the court and included in any judgment or award rendered thereon.

5.9 No Offsets. All Assessments and Individual Charges shall be payable in the amount specified in the Assessment or by notice and no offsets against the specified amount shall be permitted for any reason, including, but not limited to, a claim that (a) the Association, the Board, the President or Developer is not properly exercising its duties and powers as provided in the Declaration; (b) Assessments for any period exceed Common Expenses; or (c) an Owner has made, or elects to make, no use of the Common Areas.

5.10 Homestead Waiver. To the extent permitted by law, each Owner hereby waives the benefit of any homestead or exemption laws of the State of New Mexico now in effect, or in effect from time to time hereafter, to the extent of any liens created pursuant to the Declaration, whether such liens are now in existence or are created at any time in the future.

5.11 Reserves. Any reserves included in the Common Expenses, which are collected as part of the Regular Assessments, shall be deposited by the Board in a separate bank account to be held for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association, except to the extent that the Association's regularly employed accountant deems it desirable to do otherwise on the basis of standard accounting principles in similar contexts or the laws, tax or otherwise, of the State of New Mexico or the United States relating to non-profit corporations or homeowners associations. Such reserves shall be deemed a contribution to the capital account of the Association by Owners. The responsibility of the Board

(whether while controlled by Developer or the other Members) shall be only to provide for such reserves, if any, as the Board in good faith deems reasonable, and neither Developer, Dutch Meadows, any Related Entity, nor the Board (nor any member thereof) shall have any liability to any Owner or to the Association if reserves prove to be inadequate after the Board satisfied the obligations provided for in this sentence.

5.12 Certificate of Payment. Any Person acquiring an interest in any Lot shall be entitled to a certificate from the Board setting forth the amount of due but unpaid Assessments and Individual Charges relating to the Lot, if any, and such a Person shall not be liable for, nor shall any lien attach to the Lot in excess of, the amount set forth in the certificate, except for Assessments and Individual Charges which occur or become due after the date thereof and any interest, costs, attorneys' fees and any late charges related to such Assessments and Individual Charges.

5.13 Enforcement of Lien. The lien provided for in this Section 5 may be foreclosed by the Association in any manner provided or permitted for the foreclosure of realty mortgages or deeds of trust in the State of New Mexico. All of the provisions of this Section 5 relating to the enforcement of the lien provided for herein (including, but not limited to, the provisions of this Section 5.13), as well as the provisions of Section 15, shall apply with equal force in each other instance provided for in the Declaration, the Association Rules or Design Guidelines wherein it is stated that payment of a particular Assessment, charge or other sum shall be secured by the lien provided for in this Section 5. Nothing herein shall be construed as requiring that the Association take any action required hereunder in any particular instance, and the failure of the Association to take such action at any time shall not constitute a waiver of the right to take the same or similar action at a later time or in a different instance.

5.14 Pledge of Assessment Rights as Security. The Association shall have the power to pledge its assessment powers and rights provided for in the Declaration as security; provided, however, that any such pledge occurring after the Transition Date shall require (a) the prior affirmative vote or written assent of a Majority of Class A Members (excluding Developer), and (b) the consent of Developer (so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration).

5.15 Exemption of Unsold Lots. Notwithstanding anything in this Section 5 or in Section 7 to the contrary, prior to the year 2000, or, if earlier, the Transition Date, no Assessments or Individual Charges shall be levied upon, or payable with respect to, any Lot owned by or leased to Dutch Meadows, Developer or any Related Entity Owner or by any trustee for any of the aforesaid Persons, until the Lot has been conveyed to a Retail Purchaser.

## 6. INSURANCE

6.1 Authority to Purchase. The Board shall have the power and authority to purchase and maintain such public liability, casualty, officers' and directors' liability and indemnity, workmen's compensation and other insurance, and such fidelity bonds as the Board shall deem necessary or appropriate from time to time. Policies shall be on such terms and conditions

as the Board shall direct. All such policies and claims thereunder shall be administered by the Board. To the extent reasonably available, the Association shall maintain at least \$1,000,000 (combined limits) of insurance against liability incurred as a result of death or injury to Persons or damage to property on the Common Areas. The Association shall make information available to Owners regarding the coverage of the Association's policies in order to permit Owners to determine which particular items are included within the coverage so that Owners may insure themselves as they see fit if certain items are not insured by the Association.

6.2 Owner's Responsibility. It shall be each Owner's responsibility to provide any insurance on his own Lot, additions and improvements thereto, furnishings and personal property therein, his personal property stored elsewhere within the Property, his personal liability to the extent not covered by public liability insurance obtained by the Association, and such other insurance as the Owner desires.

6.3 Non-Liability of Association, Board and Officers. The Association, Board members and officers of the Association, Dutch Meadows, Related Entities and Developer shall not be liable to any Owner, Mortgagee or other Person if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner, Mortgagee and other Person to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner, Mortgagee or other Person may desire.

6.4 Premiums. Premiums for insurance policies purchased by the Board shall be paid by the Association as a Common Expense, except that the amount of increase over any annual or other premium occasioned by the use, misuse, occupancy or abandonment of a Lot or its appurtenances, or of the Common Areas, by an Owner, or an Occupant of the Owner's Lot, or the agent, employee or invitee of either, shall be assessed against the Owner as an Individual Charge.

6.5 Insurance Claims. The Association, through such Persons as the Board may delegate to represent the Owners in connection therewith, is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Board, at its discretion, may appoint an authorized representative, or enter into an insurance trust agreement wherein the trustee shall have authority, to negotiate losses under any policy purchased by the Association.

6.6 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Association or any Insurance Trustee shall be held or disposed of for the Association and the Owners, or other interested Persons, as their interests may appear.

## 7. DAMAGE AND DESTRUCTION OF COMMON AREAS

7.1 Duty of Association. In the event of partial or total destruction of the Common Areas, or any improvements thereon, it shall be the duty of the Association to restore and repair the same as promptly as practical, subject and pursuant to this Section 7. The proceeds of any casualty insurance maintained pursuant to the Declaration shall be used to the extent available for such purpose, subject to the prior rights of Mortgagees whose interests may be protected by the policies.

7.2 Automatic Reconstruction. If the amount available from the proceeds of any insurance policies for such restoration and repair, together with any uncommitted or unreserved capital of the Association, is at least 75% of the estimated cost of restoration and repair, the affected Common Areas shall be restored or repaired and a Reconstruction Assessment shall be levied by the Association against each Owner in his Proportionate Share for each Lot he owns to provide the necessary funds for such reconstruction as a supplement to funds otherwise available for such purpose. The Association shall thereupon cause the damaged or destroyed Common Areas to be restored to substantially the condition the Common Areas were in prior to the destruction or damage.

7.3 Vote of Members. If the amount available from the proceeds of any insurance policies for such restoration and repair, together with any uncommitted or unreserved capital of the Association, is less than 75% of the estimated cost of restoration and repair, the Common Areas shall be replaced or restored unless two-thirds of the Members, at a special meeting held for such purpose, disapprove of such replacement or restoration. If the Members do not disapprove the proposed replacement or restoration, the Board shall levy a Reconstruction Assessment against each Owner in his Proportionate Share for each Lot he owns, and cause the damaged or destroyed Common Areas to be restored as closely as practical to its former condition prior to the destruction or damage. If the Members disapprove of the repair or restoration of the damaged or destroyed improvements on the Common Areas as provided above, the Common Areas so damaged or destroyed shall be cleared and landscaped for Common Area use or other use determined by the Board and the costs thereof shall be paid from the insurance proceeds (to the extent available).

7.4 Excess Insurance Proceeds. In the event any excess insurance proceeds remain after any reconstruction by the Association pursuant to this Section, the Board, in its sole discretion, may retain such sums in the general funds of the Association or may distribute all or a portion of such excess to the Owners in their Proportionate Shares, subject to the prior rights of Mortgagees whose interest may be protected by the insurance policies carried by the Association and subject to any requirements of applicable law. The rights of an Owner or the Mortgagee of a Lot to any distribution shall be governed by the provisions of the Mortgage encumbering the Lot.

7.5 Use of Reconstruction Assessments. All amounts collected as Reconstruction Assessments shall only be used for the purposes set forth in this Section 7 and shall be deposited by the Association in a separate bank account for such purposes. Such funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Owners. Any Reconstruction Assessment shall be secured by the lien provided for in Section 5.

7.6 Insurance Proceeds Trust. Upon receipt by the Association of any insurance proceeds, the Board may cause the insurance proceeds to be paid directly to a bank, savings and loan association, or trust company located in Santa Fe County, New Mexico, designated by the Board to be trustee (the "Insurance Trustee"). Such funds shall be received, held and administered by the Insurance Trustee subject to a trust agreement consistent with the provisions of the Declaration and which shall be entered into between the Insurance Trustee and the Board. Disbursements to contractors performing any repair or reconstruction upon the Property shall be made periodically as the work progresses in a manner consistent with procedures then followed by prudent lending institutions in Santa Fe County, New Mexico.

## 8. EMINENT DOMAIN

8.1 Definition of Taking. The term "Taking" shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Common Areas.

8.2 Representation in Condemnation Proceedings. The Owners hereby appoint the Association, through such Persons as the Board may delegate, to represent all of the Owners in connection with any threatened Taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the Taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

8.3 Award for Common Areas. Any awards received by the Association on account of the Taking shall be paid to the Board. The Board may, in its sole discretion, retain any award in the general funds of the Association, expend the funds for restoration and repair of Common Areas, or distribute all or any portion thereof to the Owners in their Proportionate Shares, or as their interests otherwise may appear, subject to any requirements of applicable law. The rights of an Owner and the Mortgagee of his Lot to any distribution shall be governed by the provisions of the Mortgage encumbering the Lot.

## 9. MAINTENANCE, REPAIRS AND REPLACEMENTS

9.1 Owner's Responsibility. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Lot.

9.2 Association's Responsibility. Except as otherwise provided herein to the contrary, maintenance, repairs and replacements of the Common Areas shall be furnished by the Association as part of the Common Expenses, subject to the Bylaws and Association Rules. If, due to the act or neglect of an Owner or Occupant of such Owner's Lot, or the invitee, guest or other authorized visitor of either, damage is caused to the Common Areas or to a Lot or Lots owned by others, or maintenance, repairs or replacement shall be required which would otherwise be a Common Expense, then such Owner shall pay for the damage and for such maintenance, repairs and replacements as may be determined necessary or appropriate by the Board, to the extent not covered by the Association's insurance. This obligation shall be an Individual Charge secured by the lien provided for in Section 5. The Association shall also have



the right to maintain, repair and replace landscaping on any portion of a Lot outside of the walls or other barriers defining the private portions of the Lot, and to install such additional landscaping thereon as the Board may from time to time deem to be appropriate or desirable in its sole discretion.

9.3 Right of Access. An authorized representative of the Association, and all contractors, repairmen or other agents employed or engaged by the Association, shall be entitled to reasonable access to each of the Lots as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or landscaping on Lots pursuant to Section 9.2, and any equipment, facilities or fixtures affecting or serving other Lots and the Common Areas, and to perform any of the Association's duties or responsibilities hereunder, including, but not limited to, the administration and enforcement of the Design Guidelines.

9.4 Trash and Garbage Removal. It shall be the responsibility of each Owner of a Lot to contract for and utilize such trash and garbage removal or scavenger services as may be necessary to keep the Owner's Lot and any Common Areas subject to the Owner's control, clear of trash, garbage and debris and otherwise in compliance with applicable requirements of the Declaration. If any Owner fails to cause the proper removal of such trash and garbage, the Association may cause the trash and garbage to be removed and bill the cost of enforcement as an Individual Charge against the Owner.

## 10. ARCHITECTURAL AND LANDSCAPE CONTROL

10.1 Appointment of Design Review Committee. The Association shall have a Design Review Committee consisting of that number of persons, no fewer than three nor more than five individuals, specified from time to time by resolution of the Board. Developer initially shall appoint the members of the Design Review Committee. Developer shall retain the right to appoint, augment or replace all members of the Design Review Committee until the Transition Date and for as long thereafter as Developer, in its sole discretion, elects. Thereafter, members of the Design Review Committee shall be appointed by the Board. Individuals appointed to the Design Review Committee, other than those appointed by Developer, must satisfy such requirements as may be set forth in the Design Guidelines. Developer voluntarily may (but shall not be required to) permit Class A Members to appoint one or more members of the Design Review Committee at any time.

10.2 Design Guidelines. The Design Review Committee shall establish reasonable procedural rules, regulations, restrictions, architectural standards and design guidelines (the "Design Guidelines"), which the Design Review Committee may, from time to time in its sole discretion, amend, repeal or augment. After the Transition Date (or after Developer's voluntary relinquishment of control of the Design Review Committee, if later), any change in the Design Guidelines will be effective only if it is approved by Developer. The Design Guidelines are incorporated herein and shall be deemed to be a part of the Declaration and shall be binding on all Owners, Members and other Persons as if expressly set forth herein. A copy of the current Design Guidelines shall at all times be a part of the Association's records. The Design Guidelines may include, among other things, those restrictions and limitations set forth below:

10.2.1 Time limitations for the completion, within specified periods after approval, of the improvements for which approval is required pursuant to the Design Guidelines.

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10.2.2 Designation of a "Building Envelope" within a Lot, thereby establishing the maximum developable area of the Lot and designation of the maximum elevation of any improvements within the Building Envelope.

10.2.3 Procedures for assuring conformity of completed improvements to drawings and specifications approved by the Design Review Committee; provided, however, as to purchasers and encumbrancers in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating Lot and specifying the reason for the notice, executed by the Design Review Committee, is Recorded with the County Recorder of Santa Fe County, New Mexico, and given to the Owner of the Lot within one year of the expiration of the time limitation described in Section 10.2.1 above, or, if later, within one year following completion of the improvement, or unless legal proceedings shall have been instituted to enforce compliance or completion within said one-year period, the completed improvements shall be deemed to be in compliance with plans and specifications approved by the Design Review Committee and in compliance with the architectural standards of the Association and the Declaration, but only with respect to purchasers and encumbrancers in good faith and for value.

10.2.4 Such other limitations and restrictions as the Design Review Committee, in its reasonable discretion, shall adopt, including, but not limited to, the regulation of all landscaping (including, but not limited to, absolute prohibition of certain types of landscaping, trees and plants), construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, structure, wall or fence, including, but not limited to, the nature, kind, shape, height, materials, exterior color, surface texture, and location of any such improvement, exterior artwork and works of art visible from other Lots and Common Areas or from parts of the Project outside of the Property including but not limited to sculpture and statues.

10.2.5 SUBJECTIVE DETERMINATIONS AND/OR CRITERIA BEARING ON COMPATIBILITY WITH SANTA FE ARCHITECTURE, STYLE, DESIGN AND APPEARANCE GENERALLY, OTHER RESIDENCES, THE TERRAIN WITHIN THE PROPERTY OR VISIBLE FROM IT AND SUCH OTHER MATTERS AS THE DESIGN REVIEW COMMITTEE MAY CONCLUDE, IN GOOD FAITH BUT IN THE EXERCISE OF THE COMMITTEE'S ABUNDANT DISCRETION, ARE RELEVANT OR APPROPRIATE TO A HARMONIOUS APPEARANCE AND LIFESTYLE WITHIN THE PROPERTY AND THE PROJECT.

### 10.3 General Provisions.

10.3.1 The Design Review Committee may assess reasonable fees in connection with its review of drawings and specifications.

10.3.2 The Design Review Committee may delegate its responsibilities for review of drawings and specifications, except final review and approval as may be required by the Design Guidelines, to one or more of its members or architectural consultants retained by the Design Review Committee.

Upon any such delegation, the interim approval or disapproval of drawings and specifications by the member or consultants shall be equivalent to interim approval or disapproval by the entire Design Review Committee. 732364

10.3.3 The address of the Design Review Committee shall be the address established for giving notice to the Association, unless otherwise specified in the Design Guidelines or by written notice to Owners. The Design Review Committee's address shall be the place for the submittal of drawings and specifications and the place where the current Design Guidelines shall be kept.

10.3.4 The establishment of the Design Review Committee and the procedures herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain or repair their Lots as may otherwise be specified in the Declaration, the Bylaws or Association Rules.

10.3.5 The Design Review Committee shall approve or disapprove any drawings and specifications submitted to it in accordance with the Design Guidelines within such period as may be specified in the Design Guidelines.

10.3.6 The Design Review Committee, at the request of an Owner (including, but not limited to, Developer) may, but shall have no obligation to, (a) change the size, configuration or location of any Building Envelope on the Owner's Lot, or (b) approve the changing of the natural grade of a Lot, or portions thereof, by cut, fill or similar procedures.

10.3.7 Nothing contained in this Section 10 shall be construed to (a) affect or impact in any way any design guidelines applicable to any portion(s) of the Project that are not within the Property, (b) affect or impair in any way any development, operation, construction or improvement of property that is not within the Property, or (c) require the establishment of any design guidelines with respect to any property that is not within the Property.

10.4 Approval and Conformity of Drawings and Specifications. No building, fence, wall or other structure or improvement of whatever type shall be commenced, erected or maintained upon the Property, nor shall there be any addition to or change to the exterior of any residence or other structure or improvement upon a Lot or the Building Envelope, landscaping, grading or drainage thereof, including, but not limited to, the painting (other than painting with the same color and type of paint as previously existed) of exterior walls, patio covers and fences, except in compliance with drawings and specifications therefor which have been submitted to and approved by the Design Review Committee, in accordance with the Design Guidelines, as to harmony of external design and location in relation to surrounding structures and topography.

10.5 Non-Liability for Approval of Drawings and Specifications. Drawings and specifications shall be approved by the Design Review Committee as to style, exterior design, appearance and location, and are not approved for engineering design or for compliance with zoning and building ordinances, and by approving such drawings and specifications neither the Design Review Committee, any member thereof, the Association, any Member, any officer or

director of the Association, Dutch Meadows, any Related Entity, nor Developer assumes any liability or responsibility therefor, or for any defect in any structure constructed from such drawings and specifications. Neither the Design Review Committee, any member thereof, the Association, any Member, any officer or director of the Association, Dutch Meadows, any Related Entity, nor Developer shall be liable to any Owner or other Person for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved drawings and specifications, (c) the development, or manner of development of any property within the Property, (d) the change in the size, configuration or location of any Building Envelope or the changing of the natural grade of any Lot, or (e) the execution and filing of an estoppel certificate pursuant to the Design Guidelines (whether or not the facts therein are correct) if the action, with the actual knowledge possessed by him, was taken in good faith. Approval of drawings and specifications by the Design Review Committee, or the approval of any change in the size, configuration or location of any Building Envelope, or a change in the natural grade of any Lot is not, and shall not be deemed to be, a representation or warranty that the drawings, specifications or changes comply with applicable governmental ordinances or regulations including, but not limited to, zoning ordinances and building codes.

10.6 Inspection and Recording of Approval. Any member or authorized consultant of the Design Review Committee, or any authorized officer, director, employee or agent of the Association, may at any reasonable time enter, without being deemed guilty of trespass, upon any Lot, after reasonable notice to the Owner, in order to inspect improvements constructed or being constructed on such Lot, or any changes in the grade thereof, to ascertain that such improvements or changes have been or are being built or changed in compliance with the Design Guidelines and the Declaration. The Design Review Committee shall cause such an inspection to be undertaken within 30 days of a request from any Owner as to his Lot. If such an inspection reveals that the improvements or changes located on such Lot have been completed in compliance with this Section 10 and the Design Guidelines, the Design Review Committee shall provide the Owner a notice of approval in Recordable form which, when Recorded, shall be conclusive evidence of compliance with the provisions of this Section 10 and the Design Guidelines as to the improvements or changes described in the Recorded notice, but as to such improvements or changes only.

10.7 Reconstruction of Common Areas. Any reconstruction of Common Areas by the Association or Developer after destruction by casualty or otherwise, which is accomplished in substantial compliance with "as built" plans for the Common Areas, shall not require compliance with the procedural provisions of this Section 10 or the Design Guidelines.

10.8 Additional Powers of the Design Review Committee. The Design Review Committee may promulgate as a part of the Design Guidelines such additional architectural and landscape standards, rules and regulations as it deems to be appropriate and as are not in conflict with the Declaration. WITHOUT LIMITING THE GENERALITY OF THE PRECEDING SENTENCE, THE DESIGN REVIEW COMMITTEE MAY FIX A FINE OF UP TO \$10,000 AGAINST ANY OWNER AND ANY LOT SUBJECT TO ASSESSMENTS HEREUNDER FOR FAILURE TO OBTAIN REQUIRED APPROVAL FROM THE

DESIGN REVIEW COMMITTEE OR FAILURE TO COMPLY WITH THE REQUIREMENTS OF SUCH APPROVALS AND MAY REQUIRE SECURITY DEPOSITS TO ASSURE COMPLIANCE WITH PROPERTY RESTORATION AND OTHER REQUIREMENTS.

## 11. USE AND OCCUPANCY RESTRICTIONS

11.1 Residential Use. Each Lot may be used only for residential purposes and none other. No business or commercial building may be erected on any Lot and no Business Use or other nonresidential use may be made of any part thereof. No temporary buildings, structures or trailers may be erected, placed or maintained on any Lot except as expressly permitted by, and in compliance with, the Design Guidelines. Nothing herein contained shall be deemed to limit Developer's rights as set forth in Section 13.

11.2 Violation of Law or Insurance. No Owner shall permit anything to be done or kept in or upon his Lot or in or upon any Common Areas which will result in the cancellation, or increase in premium, or reduction in coverage of insurance carried by the Association or which would be in violation of any law or other applicable requirements of governmental authorities.

11.3 Signs. No sign of any kind shall be displayed to the public view from any Lot or any Common Area without the approval of the Design Review Committee, except: (a) such signs as may be used by Developer in connection with the development, management, administration and sale or leasing of Lots, residences and other property in Las Campanas de Santa Fe or operation of the Golf Facilities; (b) such signs as may be required by legal proceedings, or the prohibition of which is precluded by law; (c) such signs as may be required for traffic control and regulation of Common Areas; and (d) as may be approved by Developer or the Design Review Committee, street and directional signs and signage in the area of any gatehouse serving the Property to identify the area served by the gatehouse. No "For Sale" or "For Rent" sign may be posted on any Lot. However, it is anticipated that each Owner will, in accordance with applicable provisions of the Association Rules, be permitted to have one "For Sale" or "For Rent" notice in a form approved by the Design Review Committee in a location specified for that purpose by the Design Review Committee, which may be in a Common Area (for example, in a book of such notices or on a bulletin board at or in an entry gate house) rather than on the Lot.

11.4 Animals. No animals, including, but not limited to, horses or other domestic farm animals, fowl or poisonous reptiles of any kind, may be kept, bred or maintained in any Lot or in or upon any Common Area, except a reasonable number of commonly accepted household pets in accordance with the Association Rules. No animals shall be kept, bred or raised within the Property for commercial purposes. In no event shall any domestic pet be allowed to run free away from its owner's Lot without a leash, or conduct itself so as to create an unreasonable annoyance. All such domestic pets must be registered with the Association and shall have proof of proper immunization presented with their registration. Dogs, regardless whether restrained by a leash, shall not be allowed on the Golf Facilities, including, but not limited to, any golf course(s).

11.5 Nuisances; Construction Activities. No Owner shall permit or suffer anything to be done or kept about or within his Lot, or on or about the Property, which will obstruct or interfere with the rights of other Owners, Developer, Occupants or authorized Persons to use and enjoy the Common Areas, or annoy them by unreasonable noises or otherwise, nor shall an Owner commit or permit any nuisance or commit or suffer any illegal act to be committed therein or thereabout. Each Owner shall comply with the Association Rules and the requirements of all health authorities and other governmental authorities having jurisdiction over the Property. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by the Declaration unless they are a violation of the Design Guidelines or requirements of the Design Review Committee, but Lots and Common Areas shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Design Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Design Review Committee, which also may require screening of the storage areas. The Board, in its sole discretion, shall have the right to determine the existence of any unreasonable annoyance or nuisance under the Declaration.

11.6 Boats and Motor Vehicles. Except as specifically permitted by the Association Rules, (a) no boats, trailers, busses, motor homes, campers or other vehicles shall be parked or stored in or upon the Common Areas or upon a Lot except within an enclosed garage as permitted by the Design Guidelines or as permitted under (c) below; (b) no vehicle shall be repaired, serviced or rebuilt in any Lot or upon the Common Areas; and (c) nothing shall be parked on the Private Streets except in such parking areas as may be designated by the Design Review Committee or the Plat (or any amendment or supplement thereto). The Board may remove, or cause to be removed, any unauthorized vehicle at the expense of the owner thereof in any manner consistent with law.

11.7 Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot which, in any manner, will allow light to be directed or reflected on the Common Areas, or any part thereof, or any other Lot, unless expressly permitted by the Design Review Committee or the Design Guidelines.

11.8 Antennas. No radio, television or other antennas of any kind or nature, or device for the reception or transmission of radio, microwave or other similar signals, shall be placed or maintained upon any Lot except as may be permitted by the Association Rules or in accordance with the Design Guidelines.

11.9 Garbage. No garbage or trash shall be kept, maintained or contained in or upon the Property so as to be visible from a Lot or the Common Areas except temporarily, in containers approved by Association Rules, for pickup. No incinerators shall be kept or maintained on the Property. No refuse pile, garbage or unsightly objects shall be allowed to be placed, accumulated or suffered to remain anywhere on the Property. Notwithstanding the foregoing, the Design Review Committee may (but shall not be obligated to) designate one or more locations within the Property to be centralized

collection points for recycling of trash, garbage, or similarly reusable materials, and Developer may (but shall not be obligated to) designate one or more such points within any portion(s) of the Annexation Property at the time any such portion is annexed to the Property.

11.10 Mining; Wells. No portion of the Property shall be used in any manner to explore for or remove any water, oil or other hydrocarbons or minerals of any kind or earth substance of any kind. Without limiting the generality of the foregoing, no wells for the pumping or removal of water shall be placed or maintained in or upon the Property.

11.11 Safe Condition. Without limiting any other provision in this Section 11, each Owner shall maintain and keep his Lot at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners and Occupants of their respective Lots or the Common Areas.

11.12 Fires. Other than barbecues, in properly constructed barbecue pits or grills, and fire pits in compliance with the Association Rules and the Design Guidelines, or as otherwise expressly permitted in the Association Rules, no open fires shall be permitted on the Property nor shall any other similar activity or condition be permitted which would tend to increase the insurance rates for the Common Areas or for other Owners.

11.13 Clothes Drying Area. No portion of the Property shall be used as a drying or hanging area for laundry of any kind. All such facilities shall be provided within the buildings to be constructed on each Lot.

11.14 No Further Subdivision; Compounds. No Lot shall be divided or subdivided. An Owner may own more than one Lot which, if contiguous, may be combined into a single homesite with the consent of the County, the Design Review Committee and Developer (until the Transition Date occurs and Developer, Dutch Meadows, and Related Entity Owners no longer own any property subject to the Declaration); provided, however, that any such combination of Lots, except as hereinafter provided, shall not reduce or alter the voting rights obtained by ownership of each Lot nor shall it reduce or otherwise alter the amount which would have been assessed against the Owner of such Lots pursuant to the terms hereof in the absence of combination. The Owner of such Lots will be entitled to one membership in the Association for each such Lot. The Assessments and Individual Charges attributable to each of the former separate lots shall be a lien, as provided in Section 5, upon the entire combination of Lots held by the Owner. Notwithstanding anything herein to the contrary, with the written consent of the Board (which may be withheld for any reason in the sole and absolute discretion of the Board) and with the written consent of Developer (until the Transition Date occurs and Developer, Dutch Meadows and Related Entity Owners no longer own any property subject to the Declaration), which may be withheld for any reason in the sole and absolute discretion of Developer, Lots may be combined and the Assessments and voting rights reduced to the Assessments and voting rights that would be applicable to one Lot. Notwithstanding anything herein to the contrary, the Owners of two or more contiguous Lots may, with the consent of the County and the Design Review Committee and with the consent of Developer (until the Transition Date occurs and Developer, Dutch Meadows and Related Entity Owners no longer own any property subject to the Declaration), replat their Lots as a Compound which may

include and provide for the construction of common recreational facilities on the Lots, including, for example, a swimming pool, in accordance with the Design Guidelines. The lien provided in Section 5 as to each replatted Lot shall also extend to the interest of the Owner in any such common facilities. If one Owner wishes to combine Lots, or if two or more Owners wish to replat Lots as a Compound, in a manner that eliminates the need for a portion of the Common Areas owned by the Association (for example, where a cul-de-sac is no longer necessary), and if the combination or Compound and abandonment of Common Areas is approved by the Design Review Committee and the County, and by Developer (until the Transition Date occurs and Developer, Dutch Meadows and Related Entity Owners no longer own any property subject to the Declaration), then a portion of the Common Areas as jointly specified by the Association, the County (if its consent is required), and Developer (if its consent is required) may be deeded by the Association to the Owner of Owners.

11.15 No Obstructions to Drainage. No Owner shall erect, construct, maintain, permit or allow any fence or other improvement or other obstruction which would interrupt the normal drainage of the land or within any area designated on a Plat, or other Recorded instrument, as a "drainage easement" except that, with the prior consent of the County and the Design Review Committee, nonpermanent structures, including fences, may be erected in those areas which contain only underground closed conduit storm drainage facilities.

11.16 Entrance Gates. Subject to the easements created in Section 4, the Board shall from time to time determine who may have access through the entrance gates to the Property onto the Private Roads. Developer reserves the unrestricted right of entry and use of such roads for itself and its successors in interest and for its employees, agents, invitees, licensees, contractors and guests. The Board may make reasonable rules relating to the right of entry through the entrance gates, but none restricting the right of entry for Owners, their tenants and guests or for prospective purchasers of homes or Lots invited by an Owner. Any entrance gate may be abandoned, or, subject to Section 5.6 hereof, its hours of manned operation may be reduced to less than 24 hours per day, at the discretion of the Board but subject to the rights given to Owners of substantially complete units to man and pay the cost of manning such gates as they may elect.

11.17 Rental of Lots. An Owner who leases or otherwise grants occupancy rights to his Lot to any Person shall be responsible for assuring compliance by the Occupant with all of the provisions of the Declaration, the Articles, Bylaws, Association Rules and Design Guidelines and shall be jointly and severally responsible for any violations by the Occupant thereof.

11.18 Prohibited Vehicles. Golf carts and unlicensed vehicles are prohibited on the Private Roads except as may be expressly permitted from time to time by the Association Rules. The Association Rules may also from time to time prohibit from the Private Roads other types of vehicles deemed by the Board to be inappropriate.

11.19 Enforcement. The Association or its authorized agents may enter any Lot in which a violation of these restrictions exists and may correct the violation at the expense of the Owner of the Lot. The Association's expenses, and such fines as may be imposed pursuant to the Bylaws, Association Rules or Design Guidelines, shall be an Individual Charge secured by a lien



upon the Lot enforceable in accordance with the provisions of Section 5 hereof. All remedies described in Section 15 hereof and all other rights and remedies available at law or equity shall be available in the event of any breach by any Owner, Member, Occupant or other Person of any provision of this Section 11.

11.20 Tennis Courts. Unlighted tennis courts, and other racquet, paddle and handball courts and the like will be permitted on certain Lots, subject to applicable requirements by the Design Review Committee.

11.21 Flagpoles. Flagpoles and other structures for hanging or displaying flags, banners or similar items shall be subject to applicable requirements of the Design Review Committee and may be prohibited entirely on the Property or on any particular Lot(s).

11.22 Modification. The Board may modify or waive the foregoing restrictions or otherwise restrict and regulate the use and occupancy of the Property and the Lots by reasonable rules and regulations of general application adopted by the Board from time to time, which shall be incorporated into the Association Rules.

## 12. RIGHTS OF MORTGAGEES

12.1 General Provisions. Notwithstanding and prevailing over any other provisions of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the following provisions shall apply to and benefit each holder of a First Mortgage (and, in the case of Sections 12.4 and 12.6, to the holder of any Mortgage) upon a Lot.

12.2 Subordination of Lien. Any lien which arises against a Lot by reason of the failure or refusal of an Owner to make timely payment of any Assessment or Individual Charge shall be subordinate to the lien of a prior Recorded First Mortgage on the Lot, acquired in good faith and for value, except to the extent the lien secures the amount of any unpaid Assessment or Individual Charge (together with any interest, costs, reasonable attorneys' fees and any late charges related thereto) which accrues from and after the date on which a First Mortgagee comes into possession of or acquires title to the Lot, whichever occurs first. If any lien for unpaid Assessments or Individual Charges that become payable after Recordation of the First Mortgage and prior to the date the First Mortgagee comes into possession of or acquires title to the Lot is not extinguished, to the extent it secures said unpaid Assessments or Individual Charges, by the process by which the First Mortgagee acquired title to the Lot, neither the First Mortgagee nor a third party purchaser shall be liable for the unpaid Assessments or Individual Charges, and, upon written request to the Association by the First Mortgagee or purchaser, the lien shall be released in writing by the Association to the extent it secures the unpaid Assessments or Individual Charges. Nevertheless, in the event the Owner against whom the original Assessment or Individual Charges was made is the purchaser or redemptionor, the lien shall continue in effect and may be enforced by the Association, or by the Board, for the respective Lot's Assessment or Individual Charge including those due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid Assessment or Individual Charge shall continue to exist as the personal obligation of the defaulting Owner of the respective Lot

to the Association, and the Board may use reasonable efforts to collect the same from the Owner even after he is no longer the Owner of the Lot. Any unpaid Assessments and Individual Charges which are extinguished pursuant to this Section 12.2 may also be reallocated by the Board among all Owners as part of the Common Expenses. Except as above provided (and except for liens for taxes and other public charges which by applicable law are made prior and superior), the lien provided for in Section 5 shall be prior and superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed on any Lot.

12.3 No Personal Liability. A First Mortgagee shall not in any case or manner be personally liable for the payment of any Assessment or charge, nor the observance or performance of any covenant, restriction, or rule and regulation of the Association, or any provision of the Articles or Bylaws, or any management agreement, except for those matters which are enforceable by prohibitory injunction or other equitable actions, not requiring the payment of money, except as specifically provided in this Section 12.

12.4 Enforcement After Foreclosure Sale. An action to abate the breach of any of the covenants, conditions, restrictions, and reservations in the Declaration may be brought against any Person who acquires title through foreclosure of a Mortgage and the subsequent foreclosure or trustee's sale (or through any equivalent proceedings), and the successors in interest to any such purchaser, even though the breach existed prior to the time the purchaser acquired an interest in the Lot.

12.5 Exercise of Owner's Rights. During the pendency of any proceedings to foreclose a First Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee, or a receiver appointed in any such action, may, but shall not be required to, exercise any or all of the rights and privileges of the Owner in default including, but not limited to, the right to vote as a Member of the Association in the place and stead of the defaulting Owner if the First Mortgagee or receiver gives the Association written notice of its claimed rights and such evidence as the Board may reasonably request demonstrating the existence of the claimed rights.

12.6 Subject to Declaration. At such time as a Mortgagee comes into possession of or becomes Record Owner of a Lot, whichever first occurs, the Mortgagee shall be subject to all of the terms and conditions of the Declaration including, but not limited to, the obligation to pay (and be personally liable for) all Assessments and charges accruing thereafter, in the same manner as any other Owner.

### 13. EXEMPTION OF DEVELOPER FROM RESTRICTIONS

Notwithstanding anything in the Declaration to the contrary, none of the covenants, conditions, restrictions, easements or other provisions contained in the Declaration shall be construed or deemed to limit or prohibit any act of Developer, its employees, agents and contractors, or parties designated by it in connection with (a) the administration, management, construction, completion, sale or leasing of the Lots, Common Areas, the

Property, residences constructed by Developer and the Annexation Property, or (b) the administration, management, development or other activities with respect to facilities outside the Property (including, but not limited to, the Golf Facilities).

#### 14. ANNEXATION OF ADDITIONAL PROPERTY

Some or all of the real property described on Exhibit "B" hereto (the "Annexation Property") may be annexed to and become subject to the Declaration as hereinafter set forth in this Section 14. Developer may at any time or from time to time, without the consent of any other Person, Record an instrument deleting all or any portion of the property described therein from Exhibit "B" and the provisions of this Section.

14.1 Annexations. Developer may elect to annex some or all of the Annexation Property to the Declaration in increments of any size whatsoever, or to annex more than one such increment at any given time and in any given order; provided, however, that no property can be annexed unless it is owned by Developer at the time of annexation or express written consent to the annexation by the Record owner of the property being annexed is reflected in the public Record at the time of annexation. Developer is not obligated to annex any of the Annexation Property, and none of the Annexation Property shall become subject to the Declaration unless and until a Supplemental Declaration is Recorded as herein provided and has become effective.

14.2 Supplemental Declarations. A Supplemental Declaration shall be a writing in Recordable form which annexes additional real property to the plan of the Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of the Declaration and shall contain such other provisions as are set forth in the Declaration relating to Supplemental Declarations. Supplemental Declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in the Declaration as may be necessary to reflect the different character, if any, of the property being annexed and as are not inconsistent with the plan of the Declaration. In no event, however, shall any such Supplemental Declaration revoke, modify or add to the covenants established by the Declaration with respect to the Property already subject to the Declaration.

#### 14.3 Annexation Without Approval of Association.

(a) All or any portion(s) of the Annexation Property may be annexed to and become subject to the Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a Supplemental Declaration covering the property being annexed shall be Recorded by Developer.

(b) Property ("Additional Annexation Property") other than that described on Exhibit "B" may be annexed to and become subject to the Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a Supplemental Declaration covering the property being annexed shall be Recorded by Developer.

(c) The Recordation of a Supplemental Declaration as provided in subparagraph (a) or (b) above shall constitute and effectuate the annexation of the property described therein, unless a later effective date is specified in the Supplemental Declaration, making the real property subject to the Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter the property shall be part of the Property for all intents and purposes of the Declaration and all of the Owners of Lots in the property being annexed shall automatically be Owners in accordance with Section 2.

## 15. REMEDIES

15.1 General Remedies. In the event of any default by any Owner, Occupant or other Person under the provisions of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the Association, or its successors or assigns, or its agents, and Developer shall have each and all of the rights and remedies which may be provided for in the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, or which may be available at law or equity, and may prosecute any action or other proceedings against the defaulting Owner, Occupant or other Persons for an injunction, whether affirmative or negative, or for enforcement or foreclosure of the lien herein provided in the manner provided under the laws of the State of New Mexico, and the appointment of a receiver for the Lot, or for damages or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Lot and to rent the Lot and apply the rents received to payment of unpaid Assessments and Individual Charges and interest accrued thereon, and to sell the Lot pursuant to this Section 15.1, or for any combination of remedies or for any other relief, all without notice and without regard to the value of the Lot or the solvency of the Owner. The proceeds of any such rental or sale shall first be paid to discharge court costs, other litigation costs, including, but not limited to, reasonable attorneys' fees, expert witness fees, and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Owner in a final judgment. Any balance of proceeds after satisfaction of such charges and any unpaid Assessments and Individual Charges hereunder and any liens shall be paid to the Owner. Upon the confirmation of the sale, the purchasers thereupon shall be entitled to a deed to the Lot and to immediate possession of the Lot and may apply to the court for a writ of restitution for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the judgment shall so provide, that the purchaser shall take the interest in the property sold subject to the Declaration.

15.2 Expenses of Enforcement. All expenses of the Association or Developer, or other Person granted rights of enforcement hereunder, in connection with any action or proceeding described or permitted by this Section 15, including court costs, reasonable attorneys' fees, expert witness fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon until paid at the Default Rate of Interest, shall be charged to and assessed against the defaulting Owner and shall be an Individual Charge against the Owner and his Lot and the Association shall have a lien as provided in Section 5 therefor. In the event of any such default by an Owner or other Person, the Association and Developer, and the manager or managing agent of the Association, if so authorized by the Board, shall have

the authority to correct the default and to do whatever may be necessary for such purpose, and all expenses in connection therewith shall be charged to and assessed against the defaulting Owner and his Lot as an Individual Charge, which shall constitute a lien against the defaulting Owner's Lot as provided in Section 5. Any and all such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or Developer.

15.3 Legal Action. In addition to any other remedies available under this Section 15, if any Owner (either by his conduct or by the conduct of any Occupant of his Lot or family member, guest, invitee or agent) violates any of the provisions of the Declaration, or the Articles, Bylaws, Association Rules or Design Guidelines, as then in effect, then the Association, Developer and any affected or aggrieved Owner, shall each have the power to file an action against the defaulting Owner for a judgment or injunction against the Owner, or such other Person, requiring the defaulting Owner or other Person to comply with the provisions of the Declaration, or the Articles, Bylaws, Association Rules or Design Guidelines, and granting other appropriate relief, including money damages.

15.4 Effect on Mortgage. Notwithstanding anything to the contrary herein, any breach of the covenants, restrictions, reservations, conditions and servitudes provided for in the Declaration, or any right of reentry by reason thereof, shall not defeat or adversely affect the lien of any Mortgage upon any Lot, but, except as herein specifically provided, each and all of the covenants, restrictions, reservations, conditions and servitudes shall be binding upon and effective against any lessee or Owner of a Lot whose title thereto is acquired by sale, foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

15.5 Limitation on Developer's Liability. Notwithstanding anything to the contrary herein, it is expressly agreed, and each Owner, by accepting title to a Lot and becoming an Owner, and each other Person acquiring an interest in the Property including, but not limited to, Mortgagees, by acquiring the interest in the Property, acknowledges and agrees that neither Developer (including, but not limited to, any assignee of the interest of Developer hereunder) nor any Related Entity (or any partner, shareholder trustee, officer, director, principal or similar Person holding an interest or position in any such assignee of the interest of Developer), nor Dutch Meadows shall have any personal liability to the Association, or any Owner, Member or other Person, arising under, in connection with, or resulting from (including, but not limited to, resulting from action or failure to act with respect to) the Declaration, the Design Review Committee or the Association except to the extent of its interest in the Property; and, in the event of a judgment no execution or other action shall be sought or brought thereon against any other assets, nor be a lien upon such other assets, of the judgment debtor.

## 16. AMENDMENT

16.1 Amendment to Declaration. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided in the Declaration, any proposed amendment must be approved by a majority of the

Board prior to its adoption by the Members. Prior to the Transition Date, amendments may be adopted only by Developer as provided in Section 16.5 (and subject to any provisions of Section 16.5 requiring the consent of Members). After the Transition Date, amendments may be adopted only with the affirmative vote or written consent of a Majority of Members (except Developer) and with the affirmative vote or written consent of Developer (so long as Developer, Dutch Meadows or any Related Entity Owner owns any property subject to the Declaration). Amendments to the Declaration are subject to the approval of the Master Association after the Association is no longer controlled by Developer, as provided in the Master Declaration. In all events, the amendment when adopted shall bear the signature of the President and shall be attested by the secretary of the Association, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon Recording in the appropriate governmental offices, or at such later date as may be specified in the amendment.

16.2 Effect of Amendment. It is specifically covenanted and agreed that any amendment to the Declaration properly adopted will be completely effective to amend any and all of the covenants, conditions, restrictions and easements contained herein which may be affected and any or all clauses of the Declaration or the Plat, unless otherwise specifically provided in the Section being amended or the amendment itself.

16.3 Amendment of Plat. Except as otherwise provided herein, the Plat may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for herein. Such an amendment to the Plat shall be effective, once properly adopted, upon Recordation in the appropriate governmental office in conjunction with the Declaration amendment.

16.4 Required Approvals. Notwithstanding the provisions of the foregoing subsections of this Section 16:

(a) If the Declaration or any applicable provision of law requires the consent or agreement of all Members and/or all Owners and/or all lienholders and all trustees and/or beneficiaries under trust deeds, or a specified percentage thereof, for any action specified in the Declaration, then any instrument changing, modifying or rescinding any provision of the Declaration with respect to such action shall be signed by all of the Members and/or all Owners and/or all lienholders and trustees and/or beneficiaries under trust deeds, or the specified percentage thereof, as required by the Declaration or by said law.

(b) The following provisions of the Declaration may not be amended at any time (including after the Transition Date) without the written consent of Developer: Sections 1.27, 1.28, 1.31, 1.34, 1.52 through 1.54 (inclusive), 2.4, 3.2, 3.4, 3.11, 3.12, the second and third sentences of 3.15, 3.17, 4.4 through 4.8 (inclusive), 5.15, 6.3, the third sentence of 10.1, 10.2, 10.3.1, 10.3.6, 10.3.7, 10.4, 10.5, 10.8, 11.3, 11.14, 12.2, 12.3, 13, the first paragraph of 14, 14.3, 15.5, the third sentence of 16.1, 16.4, 16.5, 17, 20 and 21. Developer may, but shall not be obligated to, release any or all of its consent rights under this subsection (b) by Recorded instrument.

16.5 Developer's Right to Amend. Notwithstanding any other provision of this Section 16, until the later of the Transition Date or the year 2000, Developer reserves the right to amend the Declaration or the Plat without the approval of the Board, the Association, or the other Members; provided, however, that no such amendment shall have the effect of changing the boundaries of an Owner's Lot without the consent of the Owner; and provided, further, that after the conveyance of the first Lot to a Retail Purchaser, Developer may not amend the following provisions of the Declaration without the approval at a duly held meeting of the Members of a Majority of Class A Members (excluding Developer), or without a meeting if the consent of said majority is obtained in writing: the first sentence of Section 5.3.1 to advance the date upon which Regular Assessments begin; the first sentence of Section 5.5 to permit Capital Improvement Assessments prior to the year 2000; this Section 16.5 to decrease the rights of Class A Members hereunder; or Section 17 to decrease the initial effective period of the Declaration.

#### 17. TERM; TERMINATION

The Declaration shall be effective upon the date of Recordation hereof and, as amended from time to time, shall continue in full force and effect until January 1, 2090, and thereafter shall continue for consecutive periods of 25 years each, unless there is an affirmative vote, not more than 360 days prior to the date otherwise scheduled for commencement of the next extension of the term of the Declaration, to terminate the Declaration by a vote of a Majority of Members with or without a meeting of the Members pursuant to the provisions and procedures of the Bylaws. The Declaration may be terminated and the Plat may be withdrawn by Developer and Dutch Meadows without the approval or consent of any other Person if such action is taken before there are any Class A Members (that is, before any sale to a Retail Purchaser). Thereafter, the Declaration may be terminated at any time upon a vote in favor of termination (a) prior to the Transition Date, by 90% of the Class A Members and a Majority of the Class B Members, or (b) after the Transition Date, by 90% of all of the Members except Developer and by Developer, at a duly held meeting of the Members for such purpose. Developer may, but shall not be obligated to, release its consent rights under item (b) of the preceding sentence by Recorded instrument. Notwithstanding anything to the contrary herein, no vote to terminate the Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period of 180 days prior to such vote to 180 days after such vote, from the holders of Recorded First Mortgages on 75% of the Lots upon which there are such recorded First Mortgages. If the necessary votes and consents are obtained, the Board shall cause to be Recorded with the County Recorder of Santa Fe County, New Mexico, and/or other appropriate governmental offices, a Certificate of Termination, duly signed by the President or a vice president of the Association and attested by the secretary or an assistant secretary of the Association, with their signatures acknowledged. Thereupon, the Declaration, as of the date of Recordation of the Certificate of Termination (or such later date as may be specified in the Certificate of Termination), shall have no further force and effect, and the Association shall be dissolved.

## 18. GENERAL PROVISIONS

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18.1 Notices. Notices to the Association provided for in the Declaration, the Bylaws, or Association Rules, shall be in writing and shall be addressed to the Association at the address specified in the Bylaws. The Association may designate a different address or addresses for notice by giving written notice to all Owners. All notices to Owners shall be to their respective Lots or to the last address shown on the records of the Association. Any Owner may designate a different address or addresses for notices to him by giving written notice of his change of address to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person. Any notice to an Owner also shall constitute notice to the Member entitled to exercise the Association membership rights for that Owner's Lot.

18.2 Captions and Exhibits; Construction. Captions given to various Sections herein, and the Table of Contents for the Declaration, are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. Any exhibits referred to herein are incorporated as though fully set forth where such reference is made. The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property as hereinabove set forth.

18.3 Severability. If any provision of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances, shall not be affected thereby, and the remainder of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines shall be construed as if such invalid part were never included therein.

18.4 Rule Against Perpetuities. If any of the options, privileges, covenants or rights created by the Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until 21 years after the death of the survivor of the now living descendants of Lyle Anderson, Jack Nicklaus, New Mexico Governor Bruce King, and New Mexico Senators Pete Domenici and Jeff Bingaman.

18.5 Mortgage of Lots. Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages for his respective Lot. No Owner shall have the right or authority to make or create or cause to be made or created any Mortgage, or other lien or security interest, on or affecting the Property or any part thereof, except only to the extent of his Lot.

18.6 Power of Attorney. Unless otherwise specifically restricted by the provisions of the Declaration, in any instance in which the Association is empowered to take any action or do any act, including, but not limited to, action or acts in connection with the Common Areas or sale thereof, which may at any time be deemed to require the act of an Owner or Member, the Owners and Members and each of them hereby constitute and appoint the Association (acting



through the Board) as their attorney-in-fact, as may be appropriate, for the purposes of taking such action or doing such acts including, but not limited to, executing, acknowledging and delivering any instruments or documents necessary, appropriate or helpful for such purposes. It is acknowledged that this power of attorney is irrevocable and coupled with an interest and by becoming an Owner or a Member of the Association or by the acceptance of a deed for a Lot or by signing a contract for purchase of a Lot or by succeeding in any other manner to the ownership of a Lot, or any interest therein, or a membership in the Association, each Owner, Member and other Person shall be deemed and construed to have ratified and expressly granted the above power of attorney.

18.7 Gender. Masculine, feminine and neuter references herein each shall include the others as the context requires.

18.8 New Mexico Law. The Declaration, the Articles, Bylaws, Association Rules and Design Guidelines shall be subject to, and construed in accordance with, New Mexico law.

## 19. RIGHTS AND OBLIGATIONS

Each grantee of Developer, and each Owner, by the acceptance of a deed of conveyance, and each purchaser under any contract for such a deed of conveyance, and each purchaser under any agreement of sale, and each Person acquiring a membership in the Association, and each Person acquiring any other interest in the Property, and the heirs, successors and assigns of the foregoing Persons, accepts the same subject to all restrictions, conditions, covenants, reservations, easements, liens and charges, and the jurisdiction, rights and powers created or reserved by the Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed shall be deemed and taken to be covenants running with the land and equitable servitudes, and shall bind any Person having at any time any interest or estate in the land, and shall inure to the benefit of any such Person in like manner as though the provisions of the Declaration were set forth in every deed of conveyance, purchase contract or instrument evidencing or creating such interest.

## 20. NO COVENANTS OR RESTRICTIONS; ZONING AND MASTER PLAN

20.1 No Express or Implied Covenants or Restrictions. Nothing in the Declaration shall create, or be deemed to create, any express or implied covenants or restrictions with respect to any real property, including, but not limited to, the Annexation Property and the property operated as the Golf Facilities, other than the Property.

20.2 Zoning and Master Plan. Each Owner, by accepting title to a Lot and becoming an Owner, acknowledges awareness that Las Campanas de Santa Fe is an extensive, multi-use project, the development of which is likely to extend over many years, and agrees, so long as he is the Owner of the Lot, not to protest or otherwise object to (a) zoning or changes in zoning or to uses of, or changes in density of, the property in Las Campanas de Santa Fe (other than the Property), or (b) changes in any conceptual or master plan for property in Las Campanas de Santa Fe (other than the Property); provided, in

either case, the zoning, use, density, or conceptual or master plan revision is or would be lawful (including, but not limited to, lawful by special use permit, variance or the like) and is not inconsistent with what is permitted by the Master Declaration (as amended from time to time). Each Owner acknowledges that portions of Las Campanas de Santa Fe may be developed as one or more resort sites, and agrees not to protest or otherwise object to the development of resorts or to zoning or variances sought in connection therewith, if Developer elects to cause resorts to be developed. Notwithstanding anything to the contrary in this Section 20, the provisions of this Section 20 shall be enforceable only to the extent not in violation of any applicable provision of law.

20.3 Possible Annexation by City. Prior to the Transition Date, Developer shall have the authority to cause the Property to be annexed into the City without further assent, vote or approval by other Owners, Members, the Association, or any other Person having any interest in the real property to be thus annexed. In the event of such an annexation, any references to the "County" in the Declaration in any provision requiring or providing for the consent or approval of, requirements of, or providing for satisfaction of the requirements of, the "County" shall thereafter be deemed and construed to mean the City unless both the City and the County possess jurisdiction over a particular matter in which event the Declaration shall be deemed and construed to refer to both governmental authorities for that particular matter. Each Owner, Member and other Person having an interest in any real property to be annexed into the City pursuant to this Section constitutes and appoints Developer his attorney-in-fact for the purpose of taking such action or doing such acts as may be necessary or appropriate to effect the annexation including, but not limited to, executing, acknowledging and delivering such instruments or documents as may be necessary, appropriate or helpful for such purposes. It is acknowledged that this power of attorney is irrevocable and coupled with an interest and, by becoming an Owner or Member or otherwise acquiring an interest in the real property, each such Owner, Member and other Person shall be deemed and construed to have ratified and expressly granted the above power of attorney.

## 21. MASTER DECLARATION

In the event of a conflict between the provisions of the Declaration and the provisions of the Master Declaration, the provisions of the Master Declaration shall control, but no restriction hereunder shall be inapplicable because it is more restrictive than the Master Declaration nor shall compliance with the requirements of the Master Declaration avoid the requirement of compliance with additional requirements hereunder. Notwithstanding anything contained in the Declaration to the contrary, the Master Association shall have the right as provided in Section 14 of the Master Declaration to take control of the Association in the circumstances described in said Section 14.

IN WITNESS WHEREOF, Developer and Dutch Meadows have caused the Declaration to be duly executed.

LAS CAMPANAS CORPORATION,  
a New Mexico corporation

732389

By Lyle Anderson  
Its President

DUTCH MEADOWS LIMITED PARTNERSHIP,  
a New Mexico limited partnership

By: Lyle Anderson 89-1 Limited  
Partnership, an Arizona limited  
partnership  
Its General Partner

By Lyle Anderson  
Its General Partner

STATE OF New Mexico)  
County of Santa Fe) ss.

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of June, 1991, by Lyle Anderson, the President of Las Campanas Corporation, an New Mexico corporation, being authorized to do so on behalf thereof.

My commission expires:  
3/11/95

Anna Ruby Jimenez  
Notary Public  
OFFICIAL SEAL  
ANNA RUBY JIMENEZ  
NOTARY PUBLIC - STATE OF NEW MEXICO  
Notary Bond Filed with Secretary of State  
My Commission Expires 3/11/95

STATE OF New Mexico)  
County of Santa Fe) ss.

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of June, 1991 by Lyle Anderson, the General Partner of Lyle Anderson 89-1 Limited Partnership, an Arizona limited partnership, General Partner of Dutch Meadows Limited Partnership, a New Mexico limited partnership, being authorized to do so on behalf thereof.

My commission expires:  
3/11/95

Anna Ruby Jimenez  
Notary Public  
OFFICIAL SEAL  
ANNA RUBY JIMENEZ  
NOTARY PUBLIC - STATE OF NEW MEXICO  
Notary Bond Filed with Secretary of State  
My Commission Expires 3/11/95

LEGAL DESCRIPTION

LAS CAMPANAS - ESTATES 1

732381

ALL THAT PART OF SECTIONS 7 AND 8, T17N, R9E, NMPM, SANTA FE COUNTY, N.M. WHICH SAID PART MAY BE MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT THE NORTHEASTERLY CORNER OF SAID PART, SAID CORNER BEING MARKED BY A BRASS CAP MARKED "T17N, R9E, S5, S8, CC", AT AN ANGLE POINT ON THE NORTH BOUNDARY OF SAID SECTION 8;

THENCE S02°41'28"W, 26.55 FEET TO A BRASS CAP MARKING AN ANGLE POINT ON THE NORTH BOUNDARY OF SAID SECTION 8, AND THE NORTHWEST CORNER OF COLINAS VERDES SUBDIVISION;

THENCE S00°45'12"E, 1242.11 FEET TO A REBAR FOUND;

THENCE S01°26'04"W, 69.66 FEET TO A REBAR AT THE SOUTHWEST CORNER OF COLINAS VERDES SUBDIVISION;

THENCE S89°58'23"E, 1310.01 FEET TO A REBAR ON THE SOUTH BOUNDARY OF COLINAS VERDES SUBDIVISION, AT THE NORTHWEST CORNER OF SALVA TIERRA UNIT 1;

THENCE FOLLOWING THE WESTERLY BOUNDARY OF SALVA TIERRA UNIT 1, THE FOLLOWING COURSES:

S34°19'05"E, 323.32 FEET;  
THENCE S00°02'55"E, 612.32 FEET;  
THENCE S89°56'26"E, 132.05 FEET;  
THENCE S00°38'32"W, 249.93 FEET;  
THENCE S30°32'57"W, 255.25 FEET;  
THENCE S62°09'44"W, 192.30 FEET;  
THENCE N87°30'14"W, 470.30 FEET;  
THENCE S71°02'30"W, 370.00 FEET;  
THENCE S38°48'26"W, 257.50 FEET;  
THENCE S47°34'02"E, 150.69 FEET;  
THENCE S45°53'41"W, 732.45 FEET;  
THENCE COUNTERCLOCKWISE 120.00 FEET ON A CURVE OF RADIUS 540.00 FEET;  
THENCE S86°44'53"W, 209.41 FEET;  
THENCE CLOCKWISE 46.80 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE N14°00'07"E, 97.30 FEET;  
THENCE N75°59'53"W, 80.00 FEET;  
THENCE S14°00'07"W, 153.31 FEET;  
THENCE CLOCKWISE 25.10 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE COUNTERCLOCKWISE 127.70 FEET ON A CURVE OF RADIUS 390.00 FEET;

EXHIBIT "A"

THENCE S52°38'00"W, 125.65 FEET;  
 THENCE CLOCKWISE 187.28 FEET ON A CURVE OF RADIUS 260.00 FEET;  
 THENCE S03°54'11"W, 80.00 FEET;

THENCE LEAVING SAID BOUNDARY OF SALVA TIERRA UNIT I,  
 N86°05'43"W, 1186.63 FEET;

THENCE FOLLOWING THE NORTHERLY BOUNDARY OF CAMINO LA TIERRA  
 RIGHT OF WAY THE FOLLOWING COURSES:

N65°30'53"W, 534.06 FEET;  
 THENCE N25°55'47"W, 984.03 FEET;  
 THENCE N35°31'02"W, 1883.16 FEET;

THENCE LEAVING SAID CAMINO LA TIERRA, COUNTERCLOCKWISE 50.19  
 FEET ON A CURVE OF RADIUS 297.96 FEET;

THENCE N07°07'32"E, 1066.23 FEET;

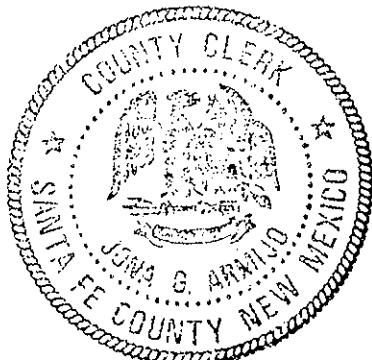
THENCE COUNTERCLOCKWISE 155.92 FEET ON A CURVE OF RADIUS  
 1239.24 FEET TO A POINT ON THE NORTH BOUNDARY OF SAID  
 SECTION 7;

THENCE N89°57'27"E, 940.99 FEET TO A POINT ON THE NORTH  
 BOUNDARY OF SAID SECTION 7;

THENCE N89°56'25"E, 1321.52 FEET TO THE NORTHEAST CORNER OF  
 SAID SECTION 7;

THENCE N89°58'58"E, 1695.27 FEET TO THE POINT OF  
 COMMENCEMENT, CONTAINING 365 ACRES MORE OR LESS.

ALL AS SHOWN ON SUBDIVISION PLAT OF LAS CAMPANAS ESTATES 1,  
 PREPARED BY GARY E DAWSON, NMPLS 7014, DATED 18 DEC 1990.



COUNTY OF SANTA FE )  
 STATE OF NEW MEXICO ) 740,139  
 I hereby certify that this instrument was filed  
 for record on the 17 day of June A.D.  
 19 91 at 11:59 o'clock A.M.  
 and was duly recorded in book 732  
 page 330 - 388 of the records of

Santa Fe County,  
 Witness my Hand and Seal of Office  
 Jona G. Armijo  
 County Clerk, Santa Fe County, N.M.

Veronica Clayton

Deputy

LEGAL DESCRIPTION

732383

LAS CAMPANAS DE SANTA FE

ALL THOSE PARTS OF SECTIONS 7, 8, 16, AND 17, T17N, R9E; AND SECTIONS 2, 3, 10, 11, 12, 13, 14, AND 15, T17N, R10E; NMPM, SANTA FE COUNTY, N.M. WHICH SAID PARTS MAY BE MORE PARTICULARLY DESCRIBED AS FOLLOWS;

COMMENCING AT AN ANGLE POINT ON THE NORTH BOUNDARY OF SAID SECTION 8, MARKED WITH BRASS CAP MARKED "T17N, R9E, S5, S8, CC";

THENCE S02°45'57"W, 26.55 FEET TO A BRASS CAP MARKING AN ANGLE POINT ON THE NORTH BOUNDARY OF SAID SECTION 8, AND THE NORTHWEST CORNER OF COLINAS VERDES SUBDIVISION;

THENCE S00°35'40"E, 1312.24 FEET TO A REBAR AT THE SOUTHWEST CORNER OF COLINAS VERDES SUBDIVISION;

THENCE S89°56'07"E, 1310.01 FEET TO A REBAR ON THE SOUTH BOUNDARY OF COLINAS VERDES SUBDIVISION AND AT THE NORTHWEST CORNER OF SALVA TIERRA UNIT 1;

THENCE FOLLOWING THE WESTERLY BOUNDARY OF SALVA TIERRA UNIT 1, THE FOLLOWING COURSES:

S34°19'05"E, 322.00 FEET;  
THENCE SOUTH, 612.00 FEET;  
THENCE EAST, 132.09 FEET;  
THENCE S00°34'58"W, 250.00 FEET;  
THENCE S30°29'23"W, 255.32 FEET;  
THENCE S62°06'10"W, 192.35 FEET;  
THENCE N87°33'48"W, 470.43 FEET;  
THENCE S71°04'31"W, 370.00 FEET;  
THENCE S38°39'35"W, 256.13 FEET;  
THENCE S47°12'06"E, 150.00 FEET;  
THENCE S45°52'03"W, 732.33 FEET;  
THENCE COUNTERCLOCKWISE 120.00 FEET ON A CURVE OF RADIUS 540.00 FEET;  
THENCE S86°44'53"W, 208.67 FEET;  
THENCE CLOCKWISE 46.80 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE N14°00'07"E, 97.67 FEET;  
THENCE N75°59'53"W, 80.00 FEET;  
THENCE S14°00'07"W, 153.30 FEET;  
THENCE CLOCKWISE 25.10 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE COUNTERCLOCKWISE 128.55 FEET ON A CURVE OF RADIUS 390.00 FEET;  
THENCE S52°38'00"W, 125.65 FEET;  
THENCE CLOCKWISE 187.28 FEET ON A CURVE OF RADIUS 260.00 FEET;

EXHIBIT "B"

THENCE S03°54'11"W, 80.00 FEET;  
THENCE COUNTERCLOCKWISE 15.07 FEET ON A CURVE OF RADIUS 340.00 FEET;  
THENCE CLOCKWISE 36.30 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE S05°26'25"E, 228.79 FEET;  
THENCE S31°56'16"W, 292.50 FEET TO CAMINO LA TIERRA RIGHT OF WAY;

THENCE LEAVING THE SAID BOUNDARY OF SALVA TIERRA UNIT I, S32°43'29"W, 273.75 FEET;

THENCE S62°09'28"E, 25.81 FEET TO THE NORTHWEST CORNER OF P.N.M. BOOSTER STATION #4;

THENCE FOLLOWING THE WESTERLY, SOUTHERLY AND EASTERLY BOUNDARIES OF SAID P.N.M. BOOSTER STATION THE FOLLOWING COURSES:

S27°50'32"W, 270.00 FEET;  
THENCE S62°09'28"E, 300.00 FEET;  
THENCE N27°50'32"E, 101.40 FEET;

THENCE FOLLOWING THE SOUTHERLY BOUNDARY OF SALVA TIERRA UNIT 1, THE FOLLOWING COURSES:

S62°09'28"E, 300.00 FEET;  
THENCE N27°50'32"E, 101.40 FEET;  
THENCE S62°08'22"E, 628.94 FEET;  
THENCE S89°30'33"E, 301.24 FEET;  
THENCE S57°16'31"E, 374.05 FEET TO THE NORTHWEST CORNER OF TIERRA DE ORO - UNIT 1;

THENCE FOLLOWING THE SOUTHWESTERLY, SOUTHERLY, AND SOUTHEASTERLY BOUNDARIES OF TIERRA DE ORO - UNIT 1, THE FOLLOWING COURSES:

S01°00'20"W, 259.96 FEET;  
THENCE S37°43'29"E, 250.64 FEET;  
THENCE N58°42'50"E, 95.47 FEET;  
THENCE S31°17'10"E, 80.00 FEET;  
THENCE S48°59'47"E, 888.48 FEET;  
THENCE S37°50'55"W, 47.94 FEET;  
THENCE S52°09'05"E, 80.00 FEET;  
THENCE S44°43'50"E, 541.06 FEET;  
THENCE COUNTERCLOCKWISE 68.30 FEET ON A CURVE OF RADIUS 1162.25 FEET;  
THENCE S30°13'18"E, 80.00 FEET;  
THENCE COUNTERCLOCKWISE 41.28 FEET ON A CURVE OF RADIUS 25.00 FEET;  
THENCE S34°49'39"E, 297.03 FEET;  
THENCE N58°22'41"E, 386.13 FEET;  
THENCE N86°43'01"E, 124.60 FEET;  
THENCE N86°22'55"E, 382.48 FEET;  
THENCE CLOCKWISE 83.08 FEET ON A CURVE OF RADIUS 440.00 FEET;

THENCE N88°25'32"E, 80.00 FEET;  
THENCE COUNTERCLOCKWISE 172.50 FEET ON A CURVE OF RADIUS  
360.00 FEET;  
THENCE N87°15'29"E, 502.19 FEET;  
THENCE S16°37'35"E, 662.76 FEET  
THENCE N45°54'47"E, 1146.18 FEET;  
THENCE S58°30'48"E, 1058.79 FEET;  
THENCE N65°24'21"E, 1495.93 FEET;  
THENCE N28°10'42"E, 429.41 FEET;  
THENCE N45°14'26"E, 602.34 FEET;  
THENCE N58°45'07"E, 894.25 FEET;  
THENCE S74°41'13"E, 244.80 FEET TO A POINT ON THE WEST  
BOUNDARY OF THE SANTA FE GRANT;

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THENCE FOLLOWING THE WESTERLY BOUNDARY OF THE SANTA FE GRANT, THE  
FOLLOWING COURSES:

S00°14'50"E, 1612.15 FEET TO BRASS CAP MARKED 1 1/2 MILE  
THENCE S00°16'38"E, 2631.06 FEET TO BRASS CAP MARKED 2 MILE  
THENCE S00°35'12"E, 605.19 FEET TO THE SOUTH BOUNDARY OF  
SAID SECTION 16;

THENCE LEAVING THE WEST BOUNDARY OF THE SANTA FE GRANT  
N89°59'52"W, 1938.21 FEET TO A BRASS CAP ON THE SOUTH BOUNDARY OF  
SAID SECTION 16

THENCE N89°52'43"W, 697.35 FEET TO A POINT COMMON TO SECTIONS 16,  
21 AND S.H.C. 3166;

THENCE FOLLOWING THE EASTERLY, NORTHERLY AND WESTERLY BOUNDARIES OF  
THE SMALL HOLDING CLAIMS 3166 AND 1240, THE FOLLOWING COURSES:

THENCE N17°23'38"W, 3457.73 FEET;  
THENCE S44°13'04"W, 478.07 FEET;  
THENCE S89°49'50"W, 184.91 FEET;  
THENCE S17°26'28"E, 3097.38 FEET TO A POINT COMMON TO  
SECTIONS 16, 21, AND S.H.C. 1240, AND 916;

THENCE N89°53'42"W, 229.70 FEET TO THE SOUTHWESTERLY CORNER OF SAID  
S.H.C. 916;

THENCE N89°58'19"W, 635.95 FEET TO S.H.C. 915;

THENCE N17°36'02"W, 2763.68 FEET TO THE NORTHERLY CORNER OF SAID  
S.H.C. 915;

THENCE FOLLOWING ARROYO DE LOS FRIJOLES, THE FOLLOWING COURSES:

THENCE S48°27'15"W, 613.44 FEET;  
THENCE N89°02'45"W, 65.96 FEET;  
THENCE S46°12'15"W, 222.29 FEET;  
THENCE N84°17'45"W, 89.71 FEET;



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THENCE S74°57'15"W, 104.88 FEET;  
THENCE S70°57'15"W, 168.20 FEET;  
THENCE S48°57'15"W, 242.08 FEET;  
THENCE S66°12'19"W, 125.32 FEET;  
THENCE S48°00'08"W, 203.31 FEET;  
THENCE S72°15'09"W, 102.98 FEET;  
THENCE S71°30'09"W, 106.28 FEET;  
THENCE S62°45'09"W, 134.66 FEET;  
THENCE S33°30'09"W, 149.85 FEET;  
THENCE S59°22'27"W, 79.30 FEET;  
THENCE S46°30'23"W, 60.22 FEET;  
THENCE S44°56'15"W, 151.88 FEET;  
THENCE S67°15'51"W, 269.35 FEET;  
THENCE S35°00'53"W, 339.18 FEET;  
THENCE S36°15'53"W, 536.04 FEET;  
THENCE S51°45'53"W, 555.33 FEET;  
THENCE S28°00'53"W, 78.48 FEET TO THE SOUTH BOUNDARY OF SAID SECTION 17;

THENCE LEAVING ARROYO DE LAS FRIJOLES, S89°59'54"W, 1587.40 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 17;

THENCE N00°16'30"W, 5322.25 FEET TO THE NORTHWEST CORNER OF SAID SECTION 17;

THENCE S89°55'34"W, 2642.57 FEET;

THENCE S89°48'46"W, 2613.94 FEET TO THE NORTHWEST CORNER OF SAID SECTION 18;

THENCE S00°08'55"E, 71.80 FEET TO THE SOUTHEAST CORNER OF SAID SECTION 12;

THENCE S89°58'39"W, 1321.11 FEET TO A POINT ON THE SOUTH BOUNDARY OF SAID SECTION 12, AND THE NORTHWEST CORNER OF THE PROPERTY OF JOHN AND PATRICIA GONDZIK;

THENCE S00°07'31"E, 5276.87 FEET TO THE SOUTH BOUNDARY OF SAID SECTION 13;

THENCE S89°51'51"W, 1316.55 FEET TO THE SOUTH 1/4 CORNER OF SAID SECTION 13;

THENCE S89°57'19"W, 2653.61 FEET TO THE SOUTHWEST CORNER SAID SECTION 13;

THENCE S89°59'22"W, 2631.35 FEET TO THE SOUTH 1/4 CORNER SAID SECTION 14;

THENCE S89°56'59"W, 2632.54 FEET TO THE SOUTHWEST CORNER SAID SECTION 14;

THENCE N00°07'42"W, 1320.30 FEET;

THENCE S89°57'03"W, 2640.46 FEET TO THE NORTHWEST CORNER OF THE SW 1/4, OF THE SE 1/4 OF SAID SECTION 15;

THENCE N00°09'02"W, 3954.66 FEET TO THE NORTH 1/4 CORNER OF SAID SECTION 15;

THENCE N00°03'29"W, 5278.70 FEET TO THE NORTH 1/4 CORNER OF SAID SECTION 10;

THENCE N00°01'25"E, 1328.88 FEET;

THENCE N89°56'19"E, 2631.59 FEET TO THE WEST BOUNDARY OF SAID SECTION 2;

THENCE N00°21'15"W, 1321.65 FEET TO THE WEST 1/4 CORNER OF SAID SECTION 2;

THENCE N00°19'50"E, 1260.73 FEET TO THE SOUTH BOUNDARY OF BUCKMAN ROAD RIGHT OF WAY;

THENCE FOLLOWING THE SOUTHERLY BOUNDARY OF BUCKMAN ROAD RIGHT OF WAY, THE FOLLOWING COURSES:

THENCE S54°13'04"E, 425.98 FEET;  
THENCE S08°39'53"E, 871.26 FEET;  
THENCE S30°56'47"E, 509.80 FEET;  
THENCE S30°57'31"E, 305.38 FEET;  
THENCE S50°51'20"E, 430.70 FEET;  
THENCE S75°12'20"E, 255.52 FEET;  
THENCE S62°03'42"E, 663.37 FEET;  
THENCE S47°47'40"E, 193.95 FEET;  
THENCE S62°28'13"E, 443.94 FEET;  
THENCE S81°35'14"E, 472.86 FEET;  
THENCE S82°34'22"E, 462.52 FEET;  
THENCE S64°35'12"E, 302.70 FEET;  
THENCE S28°27'46"E, 274.30 FEET;  
THENCE S43°15'33"E, 502.28 FEET;  
THENCE S51°59'01"E, 447.71 FEET;  
THENCE S64°43'22"E, 441.90 FEET;  
THENCE S75°12'10"E, 488.76 FEET;  
THENCE N89°22'29"E, 694.55 FEET;  
THENCE S71°20'58"E, 283.30 FEET;  
THENCE N82°52'07"E, 410.09 FEET;  
THENCE N72°31'30"E, 709.49 FEET;  
THENCE S62°08'36"E, 1000.50 FEET;  
THENCE N27°51'24"E, 50.00 FEET;  
THENCE S81°33'20"E, 1229.87 FEET;  
THENCE N78°14'44"E, 533.15 FEET;  
THENCE N84°11'30"E, 365.63 FEET;

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THENCE N84°11'30"E, 26.53 FEET;  
THENCE N78°20'00"E, 884.43 FEET;  
THENCE S64°50'00"E, 1639.55 FEET TO CAMINO LA TIERRA  
THENCE N25°10'00"E, 100.00 FEET TO THE NORTH BOUNDARY OF  
BUCKMAN ROAD RIGHT OF WAY;

THENCE ALONG THE NORTHERLY BOUNDARY OF BUCKMAN ROAD RIGHT OF WAY:

N64°50'00"W, 1797.83 FEET;  
THENCE S78°20'00"W, 808.75 FEET TO THE WEST BOUNDARY OF SAID  
SECTION 7;

THENCE N00°00'31"E, 447.95 FEET TO THE NORTHEAST CORNER OF  
SAID SECTION 12;

THENCE N00°15'45"W, 90.27 FEET TO THE NORTHWEST CORNER OF SAID  
SECTION 7;

THENCE S89°56'29"E, 2618.04 FEET TO THE NORTH 1/4 CORNER OF SAID  
SECTION 7;

THENCE N89°57'27"E, 1320.52 FEET TO A POINT ON THE NORTH BOUNDARY  
OF SAID SECTION 7;

THENCE NS89°56'22"E, 1321.52 FEET TO THE NORTHEAST CORNER OF SAID  
SECTION 7;

THENCE N89°59'15"E, 1695.33 FEET TO THE POINT OF COMMENCEMENT AND  
CONTAINING 4726 ACRES MORE OR LESS.

ALL AS SHOWN ON SHEETS 1 THROUGH 9, OF SURVEY PLAT PREPARED FOR  
SANTA FE COUNTY RANCH RESORT, RECORDED IN THE OFFICE OF THE COUNTY  
CLERK IN BOOK 177, PAGES 037 - 044