

**DECLARATION OF PROTECTIVE
COVENANTS AND GRANT OF EASEMENTS
FOR
CORONA RANCH
TORRANCE COUNTY, NEW MEXICO**

THIS DECLARATION is made this 9th day of August, 2004 by Lincoln County Development Company LLC (LCDC) as Owner of the affected property.

1. PURPOSE. The purpose of these covenants is to preserve the Corona Ranch property as a scenic, residential area of the highest quality and desirability with a natural beauty and view and to improve and preserve the ecological health of the property and natural ecosystem as near as may be and to protect the seclusion of each home site and to define and describe certain provisions, covenants, conditions and restrictions which shall be applicable to such property and to further the common interests of the owners.

2. PROPERTY COVERED BY DECLARATION. The provisions, covenants, conditions and restrictions contained in this Declaration shall affect those portions of Corona Ranch Lots 1-3, 6-9, 12, 14-20, according to the plat filed in the Office of the County Clerk of Torrance County, New Mexico, which are owned by LCDC and any lands made subject to these covenants by reference, thereto in a separate deed or plat hereafter recorded in the Office of the County Clerk of Torrance County, New Mexico.

3. DEFINITIONS.

A. Association shall mean the Corona Ranch Homeowner's Association, Inc., a New Mexico non-profit corporation and incorporated to be the association referred to in this Declaration to further the common interests of the owners of property subject to this Declaration.

B. "Homestead" shall mean any lot or parcel of property described in the recorded plat for LCDC or, in the case of any lands made subject to these covenants by reference thereto in a separate deed hereafter recorded in the Office of the county Clerk of Torrance County, New Mexico.

C. "Design Committee" shall mean the committee appointed under section 7 hereof.

D. "Common area" shall mean any lot or parcel of property covered by this Declaration which is identified in a recorded document as common area. Such areas shall be held in ownership by LCDC hereof subject to an easement for the benefit of all Homestead owners in Corona Ranch.



E. "Designated building envelope" shall mean the area upon a Homestead and the exact size and location of which has been designated by the LCDC as the appropriate location of all residential improvements. The location or any relocation of such designated building envelope must be approved by the Design Committee prior to any construction.

4. RESTRICTIONS.

A. HOMESTEAD IMPROVEMENT RESTRICTIONS. Each Homestead shall be used for single-family residential purposes and purposes customarily incident thereto only. No Homestead shall be improved except with a residential structure designed to accommodate no more than a single family and its staff and occasional guests plus one guest house, one attached or detached garage, one out-building or barn, one corral and such other improvements and structures as are customarily incident to a single-family residence. Structures or above ground improvements shall be located within a reasonably compact area adjacent to the principal residential structure and designed as a single visual element. The residence structure shall be no taller than 25 feet from ground level to the highest part of the house and shall have a minimum living floor area of one thousand (1,600) square feet, exclusive of garages, porches, decks, patios and accessory structures. All structures shall be constructed with non-flammable roofing material and all chimneys shall have spark arrestors. The entire improved area shall be contained within the designated building site area selected by the LCDC and the specific location of the improvements within the designated building site must be reviewed and approved by the Design Committee prior to any construction. No buildings or structures shall be placed outside of the designated building site or within the road or utility easements. Swimming pools are discouraged and if built are required to be covered when not in use to prevent water loss from evaporation.

B. HOMESTEAD OPEN AREA RESTRICTIONS. Areas of each Homestead outside of the building envelope or other areas on which no improvements have been constructed in the form of buildings or structures shall be kept in their natural scenic and open state, and no improvement or other changes to the natural condition of vegetation shall be allowed, except as necessary for access driveways, bridges or paths reasonably necessary to the proper use and enjoyment of the principal and accessory structures, clearing of brush or other material deemed a fire hazard and landscaping using a native flora and appearance are allowed.

C. COMMON AREA. Common areas may be developed for non-profit recreation and leisure-time activities for the benefit of owners, their guests and invitees subject to this Declaration. The type of development allowed shall include, but not be limited to equestrian facilities, barns, living quarters for ranch employees, ecological and archaeological research and educational facilities, and parks and picnic facilities

D. COMBINING PARCELS. Two or more adjoining Homesteads or other parcels of property of the same land classification and which are under the same ownership may be combined and developed as one parcel. Setback lines along the common boundary line of the combined parcels may be removed and shall be deemed removed if the written consent of the Design Committee is obtained upon finding that any improvements to be constructed within these setback lines will

not cause unreasonable diminution of the view from other property. Easements created or established along the common boundary line of the combined parcels may be changed without the consent of any person entitled to use thereof if the written consent of the Design Committee is obtained and if alternate easements are granted or created satisfactory to the Design Committee by the owner of the combined parcels, and all additional costs of relocation of all existing or planned utilities are paid or provided for by the person desiring such relocation. If setback lines are removed or easements changed along the common boundary line of combined parcels the combined parcels shall thereafter be deemed one parcel and may not thereafter be split and developed as two parcels.

E. NO BUSINESS ACTIVITY. No Homestead shall be used at any time for business or commercial activity, except home occupations. Home occupation shall consist of any occupation or profession carried on by a member of a family residing on the premises, in connection with which there is used no sign other than one (1) non-illuminated name plate attached to the building entrance which is not more than one (1) square foot in area; provided that no commodity is sold on the premises, except that which is prepared upon the premises; provided that no person is employed other than a member of the immediate family residing on the premises; provided that no mechanical equipment is installed or used except such that is normally used for domestic or household purposes.

F. OCCUPANCY LIMIT. No residence structure on any Homestead shall be used for living purposes by more persons than it was designed to accommodate comfortably. No portion of any property shall be used for living purposes other than the permitted residence structure, staff quarters or guest house on a lot.

G. MAINTENANCE. All property and all improvements on any Homestead shall be kept by the owner in a clean, safe, attractive and slightly condition and in good repair.

H. NO HAZARDOUS ACTIVITY. No activities shall be conducted and no improvements constructed on any Homestead which might be unsafe or hazardous to any person or property. No firearm shall be discharged within the property except upon a firing range designated by LCDC, for such purposes. No open fires shall be permitted except in a contained outdoor barbecue unit or fireplace or wood stove on such property or except such campfires or picnic fires in portions of common areas designated for such use by LCDC or except such controlled and attended fires required for clearing or maintenance of land.

I. NO UNSIGHTLINESS. No unsightliness shall be permitted on any Homestead. All unsightly equipment, objects or conditions shall be enclosed within a structure or screened from view, including vehicles other than automobiles, campers not on a truck, boats and garden and maintenance equipment, antenna and other facilities for the transmission or reception of audio or visual signals, utility facilities such as gas, oil, water or other storage tanks; refuse, garbage and trash shall be kept in a container with a cover and within a closed structure or screened from view; no metals, broken material, lumber, scrap or trash shall be stored or allowed

to accumulate on any property.

J. NO ANNOYING LIGHTS, SOUNDS OR ODORS. No light shall be emitted from any Homestead which is unreasonably bright or causes unreasonable glare; no sounds shall be emitted from any Homestead which is unreasonably loud or annoying; no odor shall be emitted on any Homestead which is noxious or offensive to others, provided, however, that a properly contained compost pile shall be allowed.

K. TEMPORARY STRUCTURES. No tent, shack, occupied travel trailer or motor home, construction trailer, mobile home, prefabricated structure or other temporary building or structure or improvement shall be placed on the Homestead, except that tents for temporary recreational camping for a maximum of ten (10) days per month shall be allowed, and except that under the duration of a construction plan filed with the Design Committee, temporary housing occupied by the owner or the construction crew, a temporary construction office, shed or loose storage of construction materials shall be permitted, but such office, shed or loose materials shall in no event remain on any lot for more than twelve (12) months after completion of construction.

L. RESTRICTION ON SIGNS. No signs or advertising devices of any nature shall be erected or maintained on the Homestead except as necessary to identify the ownership of the property and its address or to show the property is for sale or rent or to give directions, warn of danger or advise of rules or regulations, or to denote any approved home occupation. Any such signs allowed shall be compatible with the scenic nature of the area and be as small in size as reasonably possible and shall have the prior written approval of the Design Committee.

M. FENCING. No more than the area of the designated building site may be enclosed by fencing, and any such fenced area shall include the improved area but may not include any of the common easements. The remainder of each Homestead shall be open and unobstructed. No fence shall be placed within any of the road or utility easements. The location of fencing, the type of fencing, and the design and color of all fencing shall be submitted to and must be approved by the Design Committee prior to installation.

N. NO MINING OR DRILLING. No Homestead shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas, minerals, rocks or stones. Gravel or earth may be removed for an owner's personal use (not resale) with approval by the Design Committee and with adequate provisions for revegetation.

O. VEHICLE RESTRICTIONS. No motorcycle, jeep, four-wheel drive vehicle or all-terrain vehicle use shall be allowed on the common area or the equestrian easements or trails without the specific designation and approval by the Association except as necessary for the maintenance and ranch operations.

P. CONSTRUCTION. The dumping or deposit of fill dirt, construction refuse, trash, excess material, waste or cement anywhere within the lot during and after the building or during the repair or remodeling of any structure is strictly forbidden.

Q. LANDSCAPING AND PLANTING. Any landscaping or planting must be of plants native to the general area and must be watered and maintained until fully established on their own. The total area of lawns and gardens may not exceed 900 square feet. Landscaping will be of such plants, material and design as to provide a fire break of at least 100 feet between any structures and the native forest. Landscaping shall be maintained in order to preserve the function of the fire break at all times.

R. RESTRICTION ON ANIMALS. A maximum of five (3) horses, other large animals or a combination thereof may be kept on a Homestead owner's designated building site. All animals must be restrained so as not to be allowed to roam onto the unfenced portion of the Homestead owner's lot (i.e, outside the designated building site), or any neighboring lots, or the common areas. No animals shall be kept or maintained on any lot in any manner or number which is a nuisance or is offensive to occupants of neighboring lots, whether by reason of noise, habits, odor, flies or otherwise, anything to the contrary herein above notwithstanding. The Association may order the removal of any animals which are objectionable to residents of other lots.

S. NO SUBDIVISION OF HOMESTEADS. No part of any Homestead may be divided, subdivided, or a fractional portion thereof sold or conveyed or subjected to apportionment by exclusive use agreement so as to be held in divided use or ownership.

T. WATER CONSERVATION. Water-saving fixtures shall be installed in all new residential and non-residential buildings, including, but not limited to, low-flush toilets, low-flow shower heads, low-flow faucets, and insulation of hot water pipes.

5. EASEMENTS DEDICATED AND RESERVATIONS.

A. UTILITY EASEMENTS DEDICATED. The LCDC hereby grants to the Association for the benefit of all owners perpetual primary utility easements twenty (20) feet along the inside of the exterior homestead lines and ten (10) feet in width on each side of the interior homestead lines following the entire perimeter of each Homestead and along either side of the dedicated county or private road, for the purpose of constructing, maintaining, operating, replacing, enlarging and repairing underground electric, telephone, water, poles, ditches and conduits. In the event that it shall be impractical or unfeasible to locate any utility facilities within the primary utility easements described above, such facilities may be located within a twenty (20) foot-wide secondary utility easement hereby dedicated which may be located anywhere necessary upon the Homestead, provided such secondary utility easements shall not be located on the designated building site on any of the lots or parcels. LCDC reserves the perpetual right to utilize said easements for construction, maintenance, operations, replacement, enlargement or repair of roads and utilities including but not limited to electric, telephone, and water conducted by LCDC or its agents or assigns.

B. WILDLIFE MANAGEMENT AND GRAZING RESERVATIONS. LCDC reserves the right to manage all organisms, either plant or animal, living above, upon or below the soil surface, make wildlife habitat improvements, and to graze livestock upon all Homesteads, parcels, wildlife

preserves and common lands excluding the designated building sites. Neither LCDC, their employees, agents nor assigns shall be liable for damage from wildlife, livestock or other disturbances commonly found on ranches. In the event that LCDC or its assigns is unable or unwilling to manage the livestock grazing in a manner consistent with proper livestock grazing practices in Torrance County, New Mexico then all grazing rights appurtenant to the homesteads shall be assigned and conveyed to the Association without additional consideration being due and owing. If the Association obtains the grazing rights, the Association may fence those portions of homestead boundaries which abut the Undeveloped Portion of the Property enclosing all homesteads but may not fence between Homestead parcels, except to make pastures for improved livestock management or to protect riparian habitat; and in no event shall more than five pastures be created.

C. HIKING AND EQUESTRIAN EASEMENTS. The LCDC hereby grants to the Association for the benefit of all owners, their guests and invitees a general easement to cross the common area, undeveloped open area of all Homesteads or parcels of land covered by this Declaration for the purposes of equestrian, pedestrian hiking, and other recreational purposes specifically approved by the Association, and the Association may establish trails in such easements for such purposes. The extent of such easement on each Homestead shall be the area outside the designated building site or fenced area surrounding the improvements on such Homestead and shall be further limited to the area outside of a line located 250 feet from any residence, guest house or out-building constructed on such Homestead. No persons using such easements shall leave trash on such easement or use the easement in any manner that is a nuisance, hazardous, offensive or violates the privacy of any other person. The Association shall develop appropriate rules, regulations and sanctions to ensure the adherence to these provisions.

6. REQUIRED APPROVAL OF ALL CHANGES TO PROPERTY.

A. APPROVAL OF CHANGE IN EXISTING STATE REQUIRED. A change in the existing state of the Homestead shall mean construction of any building, residence, fence, structure or improvements or the excavation, filling or other disturbance of the surface of land, including change of grade, stream bed, ground level or drainage pattern, clearing, marring or defacing trees, the landscaping of trees, shrubs or plants or the change of color, texture or exterior appearance of any previously approved change in the existing state of the property. No such change shall be permitted except with the prior written approval of the Design Committee.

B. CRITERIA FOR APPROVAL. The Design Committee reviewing any application for a change to the existing state of the Homestead must act reasonably to carry out the general purposes expressed in this declaration, to minimize obstruction or diminution of the view of other owners, to preserve the visual continuity of the areas and prevent a marked transition, including the requirements of earth-tone natural colors on all buildings, structures, residences, fences and improvements, to assure any change will be of attractive design and in harmony with the natural setting of the area, to assure the material and workmanship for the improvements are of high quality and comparable with the existing installed improvements and to prevent unsafe or hazardous changes.

C. CONDITIONS PRECEDENT TO APPROVAL.

(1) Prior to expenditures of any substantial time or funds in the planning of any proposed change in the existing state of Homestead, the owner of a Homestead shall advise the Design Committee in writing of the general nature of the proposed change, shall, if requested by the Design Committee, meet with a member of Design Committee to discuss the proposed change, shall read or become familiar with any guides or guidelines which may have been prepared or formulated by Design Committee and shall, if requested by the Design Committee, furnish Design Committee with preliminary plans and specifications for comment and review.

(2) Thereafter, the Design Committee shall be furnished in duplicate, by the owner of the Homestead with a complete description of the proposed change in writing and with a plot plan covering the particular Homestead or parcel of thereof, drawn to such scale as may be reasonably required by the Design Committee, showing all relevant boundaries, existing and proposed contour lines and elevations at reasonably detailed intervals, all existing and proposed improvements, the existing and proposed drainage pattern, the existing and proposed utility and sanitation facilities, the existing and proposed substantial trees or shrubs and all further information with respect to the existing state of property or the proposed change in the existing state of property which the Design Committee may reasonably require to permit it to make an informed decision. If the drainage pattern of any Homestead or other property will be affected by any change, the Design Committee may require submission of a report on the effect by a qualified engineer or geologist. With respect to all buildings and other structures, the Design Committee may require submission, in duplicate, at a reasonable scale, of floor plans, elevation drawings and final working drawings and descriptions or exterior materials and colors and samples of the same. Design Committee may require that the plans and specifications be prepared by a practicing licensed architect.

(3) Prior to giving approval to a proposed change in the existing state of a Homestead, at least one member of the Design Committee shall physically inspect the property. Approvals shall be in writing provided that approval shall be deemed given if the Design Committee fails to approve or disapprove a proposed change or to make additional requirements or request additional information within forty-five days after a full and complete description of the proposed change has been furnished in writing to the Design Committee with a written specific request for approval.

D. PROSECUTION OF WORK AFTER APPROVAL. After approval by the Design Committee of any proposed change in the existing state of the Homestead, the change shall be accomplished promptly and diligently and in conformity with the description of the proposed change and plans and specifications given to the Design Committee. Failure to accomplish the change within one year after approval or any deviation from the plans or other aspects of the approval shall operate to automatically revoke the approval. Upon such revocation and on demand of the Design Committee, the Homestead shall be restored as nearly as possible to the state existing prior to the beginning of any work in connection with the proposed change. The Design Committee and its duly appointed agents may enter upon any Homestead at any reasonable time or times to inspect the progress or status of any change in the existing state of Homestead being

made or which may have been made. The Design Committee shall have the authority to record a notice to show that any particular change in the existing state of the Homestead has not been approved or that any approval given has been automatically revoked.

F. VARIANCES BY THE DESIGN COMMITTEE. Design Committee may authorize variances from compliance with any of the provisions, covenants, conditions and restrictions contained in this Declaration when circumstances such as topography, natural obstructions or hardship may require. Such variances must be evidenced in writing. The granting of such a variance shall not waive any provisions of this Declaration except as to the particular property and provisions covered by the variance. The Design Committee shall not approve any requested variance if the variance would (i) unreasonably interfere with drainage patterns; (ii) violate setback requirements; (iii) result in excessive cutting and filling; (iv) require excessive removal of native vegetation; (v) adversely impact another Homestead within the Ranch Property; or (vi) adversely impact views for adjacent Homestead owners. In the event a variance is requested, all Homestead owners must be advised of the same in writing by the person requesting the variance by certified mail, return receipt requested, and proof of such notice must be given to the Design Committee. Any Homestead owner may object to a requested variance by so notifying the Design Committee. The Design Committee shall give all lot owners at least two weeks' written notice of the date, time and place of the Design Committee's meeting for final action upon a requested variance, at which meeting any lot owner shall be allowed express his or her views on the requested variance.

G. APPEAL. Any Homestead owner aggrieved by Design Committee's refusal to approve any particular structure or improvement may appeal submit the issue to binding arbitration pursuant to the commercial arbitration rules of the American Arbitration Association. The arbitration provided for hereunder shall be deemed binding arbitration in that the determination of the arbiters shall be final and not subject to appeal to any court of law or other forum.

H. NO LIABILITY. Neither the Design Committee nor its members nor the Association shall be responsible for any defects in plans or specifications or in any building or structure or for any non-compliance of any structure with the requirements, nor shall any of them be liable to any Homestead owner or owners of land covered by this declaration by reason of mistake in judgment, negligence or non-feasance by them, their agents or employees arising out of or in connection with the approval or disapproval or failure to act on any submittals.

I. LINCOLN COUNTY DEVELOPMENT COMPANY LLC EXEMPT. LCDC shall not be required to obtain approval for any improvements proposed by it.

7. HOMEOWNER'S ASSOCIATION.

A. FORMATION AND POWERS. The LCDC shall form a non-profit corporation which shall serve as the Corona Ranch Homeowner's Association, Inc. The powers of the

Homeowner's Association shall be as prescribed by the LCDC in the Articles of Incorporation and Bylaws of the Homeowner's Association and rules and regulations adopted from time to time, including, but not limited to, the right to assess each Homestead owner for the purpose of purchase of liability and casualty insurance, maintenance and repair of facilities, roads, runways, perimeter fences, gates and other improvements within the Property which the Homeowner's Association has or may acquire for the benefit of all lot owners. The Homeowner's Association may provide for the enforcement of any such bylaws, rules or regulations through reasonable and uniformly applied penalties, through exclusion of violators from property and facilities controlled by the Association or otherwise. The Homeowner's Association may establish reasonable and uniformly applied charges for use of property and facilities under the direction and control of the Association to assist the Association in offsetting the costs and expenses attributable thereto.

B. ASSESSMENTS. The Homeowner's Association shall commence collection of a yearly assessment either when six (6) Homesteads have been sold or six (6) months after the closing of the sale of the first Homestead, whichever is later. This assessment shall not exceed \$700 for Homesteads with houses or \$100 for vacant Homesteads. The Board of Directors shall fix the annual assessment and may raise or lower the annual assessment within the maximum as it deems necessary at its discretion. The Association shall not assess any Homestead owner for special items beyond the normal annual assessment unless that Homestead owner directly benefits from the assessment. From and after January 1, 2005 the maximum annual assessment may be increased or decreased by the assent of two-thirds of the voting members. The amount of the Homeowner's Association annual assessment as thus determined shall be billed annually. The amount assessed shall be paid not later than sixty (60) days following the delivery of written notice thereof to the owner of each Homestead. Additional assessments over what was approved in the annual budget may not be made except with the approval of a majority of the Homestead owners. Delivery of said notice shall be made to the principal residence on each such Homestead, or if no residence exists thereon, then to the address of the owner as shown on the most recent deed of record on file in the office of the County Clerks of Lincoln or Tarrant Counties, New Mexico, and if no address is shown, then by posting said notice on the most public portion of said Homestead. Any amount assessed not paid within said sixty (60) days shall thereafter bear a delinquent or late charge in such amount or percentage as from time to time set by the Board of Directors of the Homeowner's Association. The Homeowner's Association is hereby granted a lien against the Homestead of any owner to secure the payment of said assessment. Said lien shall have a priority and be enforceable by the same procedure as provided for enforcement of a materialman's lien. In addition, to the annual Homeowner's Association assessment, there will be a fee payable to the Homeowner's Association by each Homestead purchaser upon the initial purchase of a lot equal to one percent (1%) of the total purchase price of the lot purchased, and upon resale of the lot and improvements thereon, a fee of \$500 shall be paid by the new buyer. Proceeds from this initial assessment shall be kept in an interest bearing bank or money market account and may be used for emergency expenses such as major repairs, for the purchase of property, or such other uses as approved by a majority of the Homestead owners.

C. MEMBERSHIP. The ownership of each Homestead, notwithstanding multiple ownership interests therein, shall give rise to one Homeowner's membership and one vote. Each

owner of any interest in a Homestead is liable for assessments as provided in this declaration and the articles and bylaws of the Homeowner's Association and to pay such reasonable and uniformly applied charges for use of facilities under the direction or control of the Homeowner's Association and to pay such reasonable and uniformly applied penalties imposed for violation of the bylaws or rules and regulations of the Homeowner's Association. A purchaser of any Homestead subject to this declaration shall be jointly and severally liable with the seller for all unpaid assessments, charges, fines or penalties with respect to the owner of the Homestead or the membership appurtenant thereto which had accrued and were payable at the time of the grant or conveyance of the Homestead to such purchaser without prejudice to such purchaser's right to recover any of the amounts paid by the purchaser from the seller.

D. PROTECTION OF MORTGAGEES AND PURCHASERS. Any prospective mortgagee or purchaser shall, after the payment of a reasonable charge to the Homeowner's Association, be entitled to a statement from the Association regarding the amount of unpaid assessments and fines and penalties relative to the affected Homestead. Inquiry to the Association shall be by certified mail, return receipt requested, at the Association's current registered address. If the Association does not respond within fifteen (15) days of receipt of the inquiry, and notwithstanding subparagraph 8.c. above, said mortgagee or purchaser shall have no such liability for any such lot purchased or financed by a bona fide, good faith purchaser or mortgagee without knowledge of an unpaid assessment, fine or penalty.

E. UNSOLD HOMESTEADS. The LCDC shall be entitled to one vote for each unsold Homestead on any all matters brought before the Association except the amount of any assessments. The unsold Homesteads shall not be liable for the payment of any assessments to the Association.

8. GENERAL PROVISIONS.

A. COVENANT ENFORCEMENT PROCEDURE BY HOMESTEAD OWNER.

In the event one Homestead owner desires to enforce these covenants against a party whom it believes is violating these covenants, the complaining party shall first submit in writing to the Board of Directors of the Homeowner's Association a description of the covenant at issue and the reason for a contention that it is being violated. A copy of this letter, at the complaining party's expense, shall simultaneously be mailed to every Homestead owner. The alleged offending party, at the same time, shall be provided a copy of the complaining party's letter, and at his or her expense shall have thirty (30) days within which to submit to the Board of Directors and every Homestead owner a written response thereto. Within ten (10) days of receipt of said response, any Homestead owner may advise the board of Directors of his or her views but should he or she elect to do so, all Homestead owners must be provided written notice thereof at the time said views are made known to the Board of Directors of the Association.

Within twenty (20) days after receipt of the written complaint, a meeting will be arranged between the complaining party, alleged offending party and the Board of Directors of the Association with the intention of finding a mutually agreeable solution to the dispute. In the event that a mutually agreeable solution is found, it shall be legally binding on the complaining party and alleged

weight in any arbitration proceeding as an interpretive ruling of what the covenant at issue means and what is required thereunder. The Board of Directors, in the form of a final resolution to a dispute may direct the offending party to cease and desist or to rectify any violative act or conduct at his or her expense, and any Homestead owner receiving such a final resolution from the Board of Directors must thereupon comply immediately with all directives in the final resolution. In the event said conduct is not voluntarily enforced in final resolution and covenant at issue in the courts of the State of New Mexico. In such judicial proceeding, should a judgment be entered adopting an interpretation of these covenants consistent with and in reference to the final resolution of the Board of Directors, the party against whom said final resolution was addressed and who failed to voluntarily abide by the final resolution, shall and must pay all the prevailing party's costs and attorney's fees.

B. COVENANT ENFORCEMENT BY LCDC OR ASSOCIATION.

The LCDC or the Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, rules, regulations, liens, charges now or hereafter imposed by the provisions of this declaration. Such actions shall include the right to damages and an injunction, without the posting of bond. The Association or the LCDC shall be entitled to obtain a preliminary injunction against any party without posting bond or other security, if the Association or LCDC demonstrates a prima facie violation of any restrictive covenant, rule, regulation or restriction. Failure of the LCDC or Association to enforce any violations shall in no event be deemed a waiver of the right to do so thereafter, except as expressly provided herein, and in no event shall such failure create a cause of action against the LCDC or the Association. In the event the LCDC or Association successfully enforces any provision of this declaration, any rules and regulations of the Association, or bylaw provisions of the Association, by way of legal action filed against any offending party, the LCDC or the Association shall be entitled to an award of costs, expenses and reasonable attorney's fees incurred relative to such enforcement action. No party may compel the LCDC or the Association to bring action against an owner of any Homestead.

C. LIMITATION OF ACTIONS. No party shall have the right to bring any action related to any claimed non-compliance of any structure with any restrictions, conditions, covenants, reservations contained in this declaration or the rules or regulations or bylaw provisions of the Association more than one (1) year after the occurrence of the act, omission or claimed non-compliance. However, this section shall not limit the right of an aggrieved party to

bring an action to remedy continuing conduct which is in violation of this declaration or the rules, regulations or bylaws of the Association.

D. DURATION AND AMENDMENT.

(1) DURATION OF RESTRICTIONS. The covenants, conditions, and restrictions contained in this instrument are to run with the land and, subject to the provisions for amendment, shall inure to the benefit of and be binding on all persons claiming under them for a period of thirty (30) years from the date of recording of this declaration, after which time such covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10).

(2) AMENDMENT OR MODIFICATION. Until the LCDC sells at least twenty-three (23) of the Homesteads subject to this declaration, these covenants, conditions and restrictions may be changed by the LCDC upon prior written notification to all homestead owners. Thereafter, these covenants, conditions and restrictions, except restrictions, easements and reservations set forth in paragraphs 4A, 4B, 4C, 4S, 4T, 5A, 5B and 5C, may be amended or modified at any time by a written instrument signed by all of the then Homestead owners and the LCDC (if there are then any unsold Homesteads).

E. PARTIAL INVALIDATION. In the event any one or more of the covenants, conditions and restrictions contained in this declaration is declared for any reason, by a court of competent jurisdiction, to be null and void, the judgment or decree shall not in any manner whatsoever affect, modify, change, abrogate, or nullify any of the covenants, conditions, or restrictions not declared to be void or unenforceable, but all of the remaining covenants, conditions, and restrictions not expressly held to be void or unenforceable shall continue unimpaired and in full force and effect.

F. TITLES. The titles to the articles, sections and paragraphs of this declaration are for convenience only and shall not be deemed to control or assist interpretation or enforcement of this declaration.

