

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR NORTH HILLS
A Planned Unit Development

THIS DECLARATION OF COVENANTS is made this 11th day of November, 1987, by AMREP SOUTHWEST, INC., a New Mexico corporation, hereinafter referred to as "Declarant".

W I T N E S S E T H

WHEREAS, Declarant is the owner of North Hills, a subdivision in the City of Rio Rancho, Sandoval County, New Mexico, as the same is shown and designated on the plat entitled "Vacation and Replat of Sierra Grande Subdivision to North Hills Subdivision Tract "A", situate within the Town of Alameda Grant, City of Rio Rancho, Sandoval County, New Mexico" and filed for record on July 16, 1987, in the office of the County Clerk of Sandoval County, New Mexico, in Volume 3, Folio 657-B as Instrument No. 5022 (hereinafter the "Plat"); and

WHEREAS, Declarant intends to encourage the development of North Hills, in stages, of communities, affording well planned residential, commercial, recreational, institutional, and open-space uses, buildings, facilities and areas; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities in the community and for the maintenance of the common lands and facilities and the providing of funds for the purposes hereinafter described; and to this end, desires to subject the real property referred to in Exhibit "A" (hereinafter the "Property"), to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of the Property and each Owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the community, to create an agency to which will be delegated and assigned the powers of maintaining and administering the community facilities, administering and enforcing the covenants and restrictions and levying, collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant desires to form a nonprofit corporation for the civic purposes of benefiting the Property, the Owners and the Residents which nonprofit corporation (hereinafter the "Association") will (1) acquire, construct, operate, manage and maintain a variety of common facilities, services and programs upon the Property; (2) establish, levy, collect and disburse the assessments and other charges imposed hereunder; and (3) as the agent and representative of the Owners and Residents of the Property, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of the Property; and

WHEREAS, Declarant is preparing the necessary documents for the incorporation and organization of the Association and may, without obligation, seek approval thereof by the Federal Housing Administration (hereinafter the "FHA") and by any other governmental agencies or financial institutions whose approval Declarant deems necessary or desirable; and

WHEREAS, until such time as the Association is incorporated, Declarant desires to and hereby does reserve to itself, to its successors and to its assigns thereof the right to exercise the powers and duties granted in this Declaration to the Association; and

WHEREAS, in order to enable the Association to accomplish the purposes outlined above, all of the Property is hereby subjected to the

covenants, conditions, assessments, charges, servitudes, liens, reservations and easements (hereinafter collectively termed "Covenants") hereinafter set forth; and in order to cause the Covenants to run with the Property and to be binding upon the Property and the Owners thereof from and after the date of recordation of this Declaration, Declarant hereby makes all conveyances of the Property, whether or not so provided therein, subject to the Covenants herein set forth; and by accepting deeds to the Property, the Owners, for themselves and their heirs, executors, administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the Covenants (including but not limited to the obligation to pay assessments) hereinafter set forth.

NOW, THEREFORE, Amrep Southwest, Inc., a New Mexico corporation, hereby declares, covenants and agrees as follows:

ARTICLE I
DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

A. "Additional Properties" shall mean properties added in accordance with Article XIV hereof.

B. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot or Dwelling Unit.

C. "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be amended or supplemented.

D. "Assessable Property" shall mean the entire Property, except such part or parts thereof as may from time to time constitute Exempt Property.

E. "Assessment Period" shall mean the term set forth in Article III, Section 6.

F. "Assessment Lien" shall mean the lien created and imposed by Article III.

G. "Association" shall mean the New Mexico nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration. Prior to the incorporation of the Association, Declarant may without obligation, seek approval of this Declaration and the incorporating documents from the FMA and any other governmental agencies or financial institutions whose approval Declarant deems necessary or desirable. Declarant, which hereby reserves the exclusive right to cause such Association to be incorporated, intends to name the Association "North Hills Property Owners' Association, Inc." if that name is available for use when the Association is incorporated.

H. "Association Land" shall mean such part or parts of the Property, together with the buildings, structures and improvements thereon, as may be owned at any time hereafter by the Association, for as long as the Association is the Owner thereof. Association Land is owned by the Association for the common use and enjoyment of the Owners and is also known as "Common Area." The Association Land at the time of the conveyance of the first Lot is described as follows:

(i) Parcel "A", Greenbelt and Open Space, consisting of approximately 2.53 acres, and Parcel "B", Greenbelt and Open Space, consisting of approximately .75 acres, as the same is shown on the plat entitled North Hills Subdivision Unit One, filed for record on July 16, 1987 in Volume 3, Folio 358-A, as Instrument # 5023; and

(ii) Parcel "C", Greenbelt and Open Space, consisting of

Approximately 0.3063 acres, and Parcel "D", Greenbelt and Open Space, consisting of approximately 0.1914 acres as the same is shown on the plat entitled North Hills Subdivision Unit Two, filed for record on August 21, 1987 in Volume 3, Folio 666-B, as Instrument #7084.

I. "Board" shall mean the Board of Directors of the Association.

J. "By-Laws" shall mean the By-Laws of the Association as the same may from time to time be amended or supplemented.

K. "Covenants" shall mean the covenants, conditions, assessments, charges, servitudes, liens, reservations and assessments set forth herein.

L. "Declarant" shall mean Amrep Southwest, Inc., a New Mexico corporation, and the successors and assigns of Declarant's rights and powers hereunder.

M. "Declaration" shall mean this Declaration of Covenants as amended or supplemented from time to time.

N. "Deed" shall mean a Deed or other instrument conveying the fee simple title in a Lot.

O. "Dwelling Unit" shall mean any portion of a building situated upon the Property designed and intended for use and occupancy as a residence by a single family.

P. "Exempt Property" shall mean the following parts of the Property:

(1) All land and Permanent Improvements owned by or dedicated to and accepted by the United States, the State of New Mexico, Sandoval County, or any political subdivision thereof, for as long as any such entity or political subdivision is the Owner thereof or for so long as said dedication remains effective;

(2) All land and Permanent Improvements (except such as is devoted to dwelling use) owned by a charitable or nonprofit organization exempted (at the time of assessment by the Association) from payment of real property taxes by the laws of the State of New Mexico, for as long as such entity is the Owner thereof;

(3) All Association Land, for as long as the Association is the Owner thereof.

Q. "Lot" shall mean and refer to any plot of land shown on any recorded subdivision map of the Property and Additional Properties with the exception of Association land or Exempt Property as herein defined.

R. "Maintenance Charges" shall mean any and all costs assessed pursuant to Article III.

S. "Member" shall mean all Owners.

T. "Owner" shall mean the record holder of legal title to the fee simple interest in any Lot, including contract sellers, but excluding others who hold such title merely as security. In the case of Lots the fee simple title to which is vested of record in a trustee pursuant to New Mexico law, legal title shall be deemed to be in the Trustor.

U. "Permanent Improvements" shall mean all buildings, structures and other matters and things which, at the time of the assessment of each Annual Assessment, are taxable by the State of New Mexico or a political subdivision (including but not limited to Sandoval

County) as real property under applicable law.

V. "Rental Apartments" shall mean Dwelling Units within Permanent Improvements consisting of ten (10) or more commercially integrated Dwelling Units under single ownership upon one or more contiguous Lots, each of which is designed and utilized, otherwise than as a hotel or on some other transient basis, for rental or leased residential purposes to non-owners on a noncooperative basis. This term is intended to include rented or leased apartments in the typically regarded sense as of the date hereof; and it is not intended to include unusual or atypical arrangements or any arrangements whereby the apartment occupant is, directly or indirectly, an Owner or beneficiary of ownership in his apartment or whereby he occupies his apartment pursuant to some form of reciprocal use agreement, irrespective of whether any such arrangements may otherwise fall within the aforesaid definition. Rental or occupancy for any period less than thirty (30) days, or any rental if the occupants are provided customary hotel services such as, by way of example only, room service for food and beverages, paid service, furnishing of laundry and linen and bellboy services, shall be deemed to constitute hotel or transient use.

W. "Resident" shall mean:

(1) Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is recorded, and each tenant actually residing or conducting a business on any part of the Assessable Property; and

(2) Members of the immediate family of each Owner and of each buyer and tenant referred to in subparagraph (1) actually living in the same household with such Owner or such buyer or tenant. Subject to such rules and regulations as the Association may hereafter specify (including the imposition of special nonresident fees for use of the Association Land if the Association shall so direct), the term "Resident" also shall include the employees, guests or invitees of any such Owner, buyer or tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

X. "Special Assessment" shall mean any assessment levied and assessed pursuant to Article III, Section 4.

Y. "Special Use Fees" shall mean special fees which an Owner or any other person is obligated by his Deed or by contract to pay to the Association, over, above and in addition to any such assessments, charges and fees as are levied, assessed, imposed or payable hereunder.

Z. "Subsidiary Association" shall mean any New Mexico nonprofit corporation which is organized and exists pursuant to or for the purpose of administering and enforcing the provisions of any Subsidiary Declaration.

AA. "Subsidiary Declaration" shall mean any declaration of covenants, conditions, assessments, charges, servitudes, liens, reservations, easements or restrictions applicable to any portion of the Property which is recorded after the effective date hereof or which is otherwise subject hereto.

BB. "Supplemental Declaration" shall mean a supplement to this Declaration recorded as provided in Article XIV, Section 1.

CC. "Voting Owners" shall mean those Owners who, pursuant to Article VIII, have voting rights.

ARTICLE II
COVENANTS BINDING ON
PROPERTY, OWNERS AND ASSOCIATION

Section 1: Property Bound. From and after the date of

recordation of this Declaration, each Lot in the Property shall be subject to the Covenants and said Covenants shall run with, be for the benefit of, bind and burden the Property.

Section 2: Owners Bound. From and after the date of recordation of this Declaration, the Covenants shall be binding upon and for the benefit of each Owner and his heirs, executors, administrators, trustees, personal representatives, successors and assigns, whether or not so provided or otherwise mentioned in the Deed. Each Owner, for himself, his heirs, executors, administrators, trustees, personal representatives, successors and assigns, expressly agrees to pay, and to be personally liable for, the assessments provided for hereunder, and to be bound by all of the Covenants herein set forth. Each Owner shall be and remain personally liable, regardless of whether he has transferred title to his Lot, for the amount of assessments (together with interest thereon, costs of collection and attorney's fees, if any) which fell due while he was an Owner. No Owner shall escape personal liability for the assessments herein provided by non-use of Association Land or by transfer or abandonment of his Lot. The Owner's personal obligation shall not pass to a successor Owner unless expressly assumed by the successor Owner; but any such assumption of personal liability by a successor Owner shall not relieve the prior Owner of his personal liability for the amount of assessments which fell due while the prior Owner was an Owner.

Section 3: Association Bound. Upon issuance of a Certificate of Incorporation by the New Mexico Corporation Commission to the Association, the Covenants shall be binding upon and shall benefit the Association.

Section 4: Subsidiary Association Bound. Upon issuance of a Certificate of Incorporation by the New Mexico Corporation Commission to any Subsidiary Association, the Covenants shall be binding upon and shall benefit the Subsidiary Association.

ARTICLE III COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in such Deed, is deemed to covenant and agree to pay to the Association: (1) Annual Assessments or charges, and (2) Special Assessments for Capital Improvements, such assessments to be established and collected as hereinafter provided. The Annual and Special Assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. For such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who is the Owner of such Property at the time when the assessment fell due, the personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them. Mortgagees of Lots and improvements within the Property are not required to collect assessments.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the Residents of the Property and for the improvement and maintenance of the common area. The Association may use the assessments to maintain landscaping in the public right-of-way and a portion of the "front yards" of the Lots in order to promote the overall beauty of the Property; provided, however, that the Association is not obligated to do so.

Section 3: Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Annual Assessment for Rental Apartments shall not exceed Seventy-Two and No/100ths Dollars (\$72.00) per Dwelling Unit. The maximum

Annual Assessment for other Permanent Improvements shall not exceed One Hundred Eighty and No/100ths (\$180.00) per Dwelling Unit, or undeveloped Lot. The two classes and different assessment rates shall be uniform within each class and shall be based on benefit.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Annual Assessment may be increased each year not more than ten percent (10%) above the maximum Annual Assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Annual Assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Annual Assessment by an amount not in excess of the maximum

(d) The Declarant shall only be obligated to pay a percentage of the total Annual and Special Assessments levied during its ownership in accordance with the formula hereinafter set forth, which formula is based upon the benefit derived by Declarant in its ownership of undeveloped or partially developed and unoccupied dwellings. Annual Assessments shall be prorated for the remaining months in the year. For purposes of determining the amount of the Annual or Special Assessment which shall be assessed each Lot in the Property, the following formula shall be used:

Percentage of Applicable Assessment

Lots upon which a Dwelling Unit has been constructed, title to which has been conveyed by Declarant to Owner	100%
Lots upon which a Dwelling Unit has been completely constructed but which has not yet been deeded by Declarant to Owner	50%
Lots upon which construction has not been completed by Declarant and which is owned by Declarant	10%

Section 4: Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5: Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3(b) and 4 of this Article shall be sent to all Voting Owners not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes shall constitute a quorum. If the required

quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: Date of Commencement of Annual Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the common area. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment Period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. The due date shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 7: Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his Lot. Notwithstanding anything contained herein to the contrary, a failure to pay assessments shall not constitute a default under an insured mortgage.

Section 8: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE IV EXEMPTIONS; OWNERS' AGREEMENT

Section 1: Property Exempted from the Annual and Special Assessments and Assessment Lien. Exempt Property shall be exempted from the assessment of the Annual and Special Assessments and, except as provided in Article XI, Section 3, from Maintenance Charges and the Assessment Lien; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual and Special Assessment and, if exempt therefrom, Maintenance Charges (prorated as of the date it became Assessable Property) and the Assessment Lien.

Section 2: Owners' Promises Regarding Annual and Special Assessments and Assessment Lien. Each Owner, for himself, his heirs, executors, administrators, trustees, personal representatives, successors and assigns, covenants and agrees: (i) that he will pay to the Association when due the Annual and Special Assessments assessed by the Association in each year against his Lot together with any Maintenance Charges; (ii) that he acquires his Lot subject to the Annual and Special Assessments and Maintenance Charges and Assessment Lien; and (iii) that by accepting a Deed to his Lot, he shall be, and remain, personally liable for any and all Annual and Special Assessments and Maintenance Charges assessed against his Lot while he is (or was) the Owner thereof, regardless of whether such covenants or agreements are expressed in such

Deed and regardless of whether he signed the Deed.

ARTICLE V
ENFORCEMENT OF PAYMENT OF
ANNUAL AND SPECIAL ASSESSMENTS AND
MAINTENANCE CHARGES AND OF ASSESSMENT LIEN

Section 1: Association as Enforcing Body. The Association, as the agent and representative of the Owners, shall have the right to enforce the provisions of this Declaration. If the Association shall fail or refuse to enforce this Declaration for an unreasonable period of time, after written request to do so, any Owner may then enforce them on behalf of the Association by any appropriate action, whether in law or in equity.

Section 2: Association's Remedies to Enforce Payment of Annual and Special Assessments and Maintenance Charges. If the Owner of any Lot fails to pay the Annual or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Article XI, Sections 2 and 3, the Association may enforce the payment of the Annual or Special Assessments, Maintenance Charges and/or the Assessment Lien by taking either or both of the following actions, concurrently or separately (and, by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its rights to exercise the other remedy):

(a) Bring an action at law and recover judgment against the Owner personally obligated to pay the Annual or Special Assessments or the Maintenance Charges;

(b) Foreclose the Assessment Lien against the Lot in accordance with the then prevailing New Mexico law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Lot may be redeemed after foreclosure sale as provided by law.

Section 3: Costs to be Borne by Owner in Connection with Enforcement of Payment of Annual and Special Assessment and Maintenance Charges. In any action taken pursuant to Section 2 of this Article, the Owner shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Annual and Special Assessments and Maintenance Charges together with interest and the Association's costs and attorney's fees.

ARTICLE VI
USE OF FUNDS; BORROWING POWER

Section 1: Purposes for which Association's Funds may be used. The Association shall apply all funds and property collected and received by it (including the Annual and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Property, the Owners and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Property, which may be necessary, desirable or beneficial to the general common interests of the Property, the Owners and the Residents. The following are some, but not all of the areas in which the Association may seek to aid, promote and provide for such common benefit: landscaping (of common areas and in the public right-of-way), recreation, communications, education, public liability insurance, transportation, health, utilities, public services, culture and safety. The Association also may expend its funds for any purposes which any municipality may expend its funds under the laws of the State of New Mexico or such municipality's charter.

Section 2: Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such

periods of time as is necessary or appropriate. The Association shall also have the power, with the assent of two-thirds (2/3) of each class of Members, to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 3: Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. Nor shall the Association be obligated to apply any such surpluses to the reduction of the amount of the Annual Assessment in the succeeding year, but may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the effectuation of its purpose.

Section 4: Administration of Special Use Fees. The Association is authorized to bill for, sue for, collect, administer and disburse all Special Use Fees and the payment thereof shall be secured by the Assessment Lien, provided, however, that all Special Use Fees collected shall if imposed in connection with a particular improvement be separately accounted for as to each separate improvement pertaining to which they are collected and shall be expended on the particular improvement to which they pertain.

ARTICLE VII RIGHTS AND POWERS

Section 1: Association's Rights and Powers as Set Forth in Articles and By-Laws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and By-Laws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and By-Laws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Association, a copy of the Articles and By-Laws of the Association shall be available for inspection at the office of the Association during reasonable business hours. Copies of said Articles and By-Laws may be purchased for such reasonable fees as may be prescribed by the Association.

Section 2: Association's Rights of Enforcement of Provisions of this and Other Instruments Affecting the Property. The Association, as the agent and representative of the Owners, shall have the right to enforce the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument affecting all or any part or parts of the Property. Any such instrument shall have been executed pursuant to, or subject to, the provisions of this Declaration, or otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association, by Declarant, or by any Subsidiary Association.

Section 3: Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Amrep Southwest, Inc., its subsidiaries and affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors of the Association is employed by or otherwise connected with Amrep Southwest, Inc., its subsidiaries and affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further

that the transaction or contract is fair and reasonable; and any such director may be counted in determining the existence of a quorum at that meeting of the Board of the Association which shall authorize any such contract or transaction, and may vote thereat to authorize any such contract or transaction with like force and effect as if he were not so interested.

Section 4: Liability Insurance. The Association shall obtain and maintain at all times a policy or policies insuring the Association, members of the Board, their agents and employees, and the Owners against all liability to the public or to the Owners for a limit of liability of not less than One Million Dollars (\$1,000,000.00) combined single limit covering all claims for personal injury liability and property damage liability arising out of one occurrence, such limit to be reviewed at least annually by the Board and increased at its discretion.

Section 5: Mergers, Consolidations and Federations. The Association shall have the right and power to participate in mergers, consolidations and federations with any other nonprofit 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. Any proposed merger, consolidation or federation shall not be effective or voted upon by the Owners without prior approval of the Board of the Association. Any such mergers, consolidations or federation shall be consummated only upon an affirmative vote of two-thirds of the votes cast by the Voting Owners at an election held for such purpose in the manner provided in Article XIII, Section 3. Upon any such merger or consolidation, all of the properties, rights and obligations of the other nonprofit 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 nonprofit corporation or association. The Association may be dissolved only in accordance with Article VIII of the Articles of Incorporation of the North Hills Property Owner's Association.

ARTICLE VIII MEMBERSHIP AND VOTING RIGHTS

Section 1: Membership in the Association. Every person or entity who is a record Owner of any Lot or Dwelling Unit which is subjected by these Covenants to assessment by the Association shall automatically be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member. Membership and voting rights shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

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

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned (except Lots upon which Rental Apartments are located, for which each Owner shall be entitled to one-tenth (1/10) vote for each Rental Apartment). When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to each Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A

membership equal the total votes outstanding in the Class B membership, or

(b) On December 31, 2007.

Section 3: Board of Directors. The Articles of the Association will provide that the Board, which shall have the exclusive right to determine and transact the affairs of the Association, initially will consist of three (3) directors, each of whom, and each of whose replacement, shall be a employee, representative or designee of Declarant, and who shall be elected and subject to removal by Declarant only. The Articles will provide that upon the construction, sale, initial occupation and inclusion in the Association of seven hundred fifty (750) dwelling units, the Owners shall be entitled to add one director to the initial three-man Board. Upon the construction, sale, initial occupation and inclusion in the Association of an additional seven hundred fifty (750) Dwelling Units, the Owners shall be entitled to add a second additional director to the Board, thereby bringing the total to five. Thereafter, the total number of directors on the Board shall remain static at five. The Articles further provide that upon the first to occur of either of the following events:

(a) a total of Three Thousand (3,000) Dwelling Units are constructed, sold and initially occupied within the Property; or

(b) December 31, 2007;

the Owners thereafter shall be entitled to elect the entire Board (including the 3 directors, or their respective successors, theretofore elected by Declarant) of the Association as provided in the Association's Articles. The rationale of the foregoing plan is to permit Declarant to have control of the Board (and thus control all acts by the Association) for a reasonable time to accomplish its overall plan of development of the Property, and yet make it possible for the Owners to have increasing rights of representation in preparation for assuming full control of the Board and of the affairs of the Association.

ARTICLE IX
EASEMENTS AND RIGHTS
OF ENJOYMENT IN ASSOCIATION LANDS

Section 1: Owners' and Residents' Easements and Rights of Enjoyment in Association Lands. Subject to the controls and limitations set forth in this Declaration, every Owner, by reason of such ownership, shall have a right and easement of enjoyment in and to all Association Lands, and such easement shall be appurtenant to and shall pass with the title to every Lot upon transfer. All Residents shall have a nontransferable privilege to use and enjoy all Association Lands for as long as they remain Residents.

Section 2: Rules Regulating Use of Association Lands. All rights, easements and privileges granted and conferred under Section 1 of this Article shall be subject to the exclusive right of the Association to adopt from time to time reasonable rules and regulations pertaining to the use of Association Lands. Said rules and regulations shall be such that they, in the absolute discretion of the Board, enhance the preservation of the Association Lands or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

Section 3: Fees Chargeable to Certain Classes of Users of Association Lands. All rights, easements and privileges granted and conferred under Section 1 of this Article further shall be subject to the exclusive right of the Association to charge Owners, Residents and others initiation, admission and other fees in connection with the use of any or all of the Association Lands. In establishing or adjusting the amounts of such fees from time to time, the Board in its absolute discretion may establish reasonable classifications as or among Owners, Residents and

other persons. Such fees must be uniform within each such class but need not be uniform from class to class.

Section 4: Suspension of Rights of Enjoyment in Connection with Enforcement of the Covenants. The Association shall have the right to suspend the aforesaid rights of enjoyment of any Owner (and the privilege of each Resident or other person claiming through such Owner) for (i) any period during which the Annual and Special Assessments or Maintenance Charges assessed to such Owner under Article III hereof remains delinquent and unpaid, or (ii) any reasonable period up to but not in excess of 90 days in connection with the enforcement of any of the Association's rules or regulations relating to Association Lands.

Section 5: Reservation of Access Easement. If ingress and egress to any residence is through the Common Area, any conveyance or encumbrance of the Common Area shall be subject to a Lot Owner's easement of access.

ARTICLE X ARCHITECTURAL CONTROL COMMITTEE

No building, fence, wall, sign, exterior light or other structure or apparatus, either permanent or temporary, shall be commenced, erected, placed or maintained upon the Property, nor shall any exterior addition thereto, change therein or alteration, excavation, subdivision or resubdivision thereof, including without limitation changes in or alteration of grade, landscaping, roadways and walkways, be made until the plans and specifications showing the nature, kind, shape, height, materials, color, location and other material attributes of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography, and in relation to the Master Plan for the development of the Property on file with the City of Rio Rancho, as the same may be hereafter amended or supplemented, by the Board of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE XI MAINTENANCE

Section 1: Association Land. The Association, or its duly delegated representative, shall maintain and otherwise manage all Association Land, including, but not limited to, the landscaping, walkways, riding paths, parking areas, drives, streets and recreational facilities, roofs, interiors and exteriors of the buildings and structures located upon the Property. The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of the Property, so that the project will reflect a high pride of ownership. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board of Directors or by its duly delegated representative.

Section 2: Assessment of Costs of Maintenance and Repair of Association Lands. In the event that the need for maintenance or repair of Association Land is caused through the willful or negligent act of any Owner, his family, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Owner's Lot is subject and shall be secured by the Assessment Lien.

Section 3: Improper Maintenance of Other Portions of the Property. In the event any portion of the Property, other than Association Land, is so maintained as to present a public or private nuisance or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Property which are

substantially affected thereby or related thereto, the Board may by Resolution make a finding to this effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within thirty (30) days, the Board will cause such action to be taken at said Owner's cost. If at the expiration of said 30-day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the assessment to which the offending Owner's Lot is subject and shall be secured by the Assessment Lien. Property owned by charitable or nonprofit organizations shall not be exempt from such assessment, irrespective of whether such organization is exempt from payment of real property taxes by the laws of the State of New Mexico. In the event, however, that such organization is a Subsidiary Association having assessment powers, then and in that event the cost of such corrective action shall be prorated among the Owners who are subject to assessment by such Subsidiary Association and, as prorated, shall be added to and become a part of the assessment to which such Owners' Lots are subject hereunder and shall be secured by the Assessment Lien.

ARTICLE XII
TRANSFER OF ASSOCIATION
LAND AND CHANGES IN USE

Section 1: Transfer of Association Land. The Association and/or Board shall transfer all or a portion of the Association Land only in accordance with the Articles of Incorporation of the North Hills Property Owners' Association.

Section 2: Change of Use of Association Land and Procedure Therefor. Upon adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Association Land is no longer in the best interests of the Owners and Residents, the Association shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any deed restrictions (or zoning regulations) restricting or limiting the use of the Association Land.

ARTICLE XIII
TERM; AMENDMENTS; TERMINATION

Section 1: Term, Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Voting Owners casting seventy-five percent (75%) of the total votes authorized at an election held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. If the necessary votes are obtained, the Board shall cause to be recorded with the County Records of Sandoval County, New Mexico, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

Section 2: Amendments. This Declaration may be amended during the first twenty (20) year period by recording with the County Clerk of Sandoval County, New Mexico, a Certificate of Amendment, duly signed and acknowledged by not less than ninety percent (90%) of the voting Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Voting Owners. The Certificate of Amendment shall set forth in full the amendment adopted, except as provided in Section 4 of this Article.

Section 3: Election Procedures for Amendments and Termination.

During the initial twenty year term, no amendment or termination of this Declaration shall be valid or effective unless the proposed amendment or termination is first presented to the Board and expressly recommended for adoption by resolution of the Board. Thereafter proceedings to amend or terminate this Declaration may also be initiated by a petition signed by seventy-five percent (75%) of the Voting Owners. If such a resolution is passed by the Board or (after the initial twenty year term) such a petition shall be received, then within fifteen (15) days thereafter the Board shall retain an independent firm of certified public accountants (hereinafter the "Firm") to handle an election by ballot in the following manner. Within forty-five (45) days after the date of passage of the Board's resolution, the Firm shall prepare and mail to each Voting Owner (at his last known address as reflected on the books and records of the Association) a notice regarding the proposed amendment or termination and election, a form ballot, and an envelope addressed to the Firm for enclosing and returning the ballot. The notice shall provide:

(a) That on a certain date the Board of Directors of the Association passed a resolution recommending the adoption of a amendment to or termination of the Declaration, or (after the initial twenty year term) that on a certain date a petition signed by seventy-five percent (75%) of the Voting Owners recommending adoption of such an amendment or termination was filed with the Board.

(b) The full text of any provisions in the Declaration proposed to be amended.

(c) The full text of each proposed amendment.

(d) That the proposed amendment will be valid and effective only if ninety percent (90%) of the votes cast by the Voting Owners are voted affirmatively to adopt the amendment, or that the proposed termination will be effective only if the requisite number of voters provided in Section 1 of this Article are cast therefor. The term "Voting Owner" shall be defined in the notice in accordance with the definition of that term set forth in Article I hereof.

(e) That each Class A Voting Owner shall be entitled to mark on his ballot one vote for each Dwelling Unit (other than on Rental Apartment Dwelling Units) or undeveloped Lot owned by him and one-tenth (1/10) vote for each Rental Apartment Dwelling Unit owned by him.

(f) That the votes on the ballot shall be counted only if the ballot is signed (in the space provided on the ballot) by the Voting Owner, and the Voting Owner describes on the ballot one or more undeveloped Lots and/or Dwelling Units (other than Rental Apartment Dwelling Units) and/or Rental Apartment Dwelling Units which he owns and for which he is voting. If the Voting Owner consists of more than one person, such persons shall decide who among themselves shall sign the ballot; and if the Voting Owner is a corporation or other entity, an officer or other authorized representative of the corporation or entity shall sign the ballot on behalf of such corporation or entity. In any case where the Voting Owner consists of more than one person or corporation or other entity, any lack of unanimity shown on the ballot shall result in voiding the ballot and the vote therein not being counted.

(g) That the envelope for returning the ballot to the Firm must be mailed and postmarked on or before a fixed date (which date shall be not less than 30 days nor more than 60 days from the date of mailing of the notices and ballots to the Voting Owners).

The written ballot shall set forth the text of any proposed amendment, shall provide a means of clearly designating thereon the number of votes cast and whether the votes cast are for or against the adoption of the proposed amendment or for or against termination, and shall provide a space for the signature of the Voting Owner and a space for describing each undeveloped Lot, Dwelling Unit (other than in a Rental apartment) and Rental Apartment Dwelling Unit for which the Voting Owner is casting votes. The results of the election shall be announced to the Board within seven (7) days (excluding Saturdays, Sundays and holidays) after the last date on which the ballots are permitted to be mailed to the Firm.

Section 4: Right of Amendment if Requested by Governmental Agency or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by the FMA and to further amend to the extent requested by any other Federal, State or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of the Property or any portion thereof. Any such amendment shall be effected by the recordation, by Declarant, of a Certificate of Amendment duly signed by the President and attested by the Secretary of Declarant, with their signatures acknowledged, specifying the Federal, State or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when recorded, shall be binding upon the Property and all persons having an interest in the Property. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions. Except as provided in this Section 4 Declarant shall not have any right to amend this Declaration otherwise than in accordance with and pursuant to the provisions of Section 2 of this Article.

Section 5: Right of Declarant's Representatives to Resign from Association's Board of Directors and Owners' Rights to Terminate the Covenants. Anything in this Declaration to the contrary notwithstanding, Declarant's three representatives or designees on the Board of Directors of the Association shall have the right, subject to approval of Declarant, at any time while they are members of the Board, to resign from the Board, whereupon Declarant may elect their replacements or permit their positions on the Board to be filled by such persons as the Voting Owners may elect at an election held in the manner provided for the election of directors in the Articles of the Association. In the event the Company's representatives or designees on the Board elect to resign from the Board and Declarant declines to elect their replacements as aforesaid, then at any time thereafter (anything in Sections 1 or 3 of this Article to the contrary notwithstanding) the Voting Owners casting seventy-five percent (75%) of the votes cast at an election held in the manner provided in Section 3 of this Article, shall have the right to terminate or petition for amendment of this Declaration.

ARTICLE XIV
SUBJECTING ADDITIONAL
LANDS TO THE DECLARATION

Section 1: Additions to the Property. Additional lands may become subject to this Declaration in the following manner:

(a) Additions to the Property by the Declarant. The Declarant, its successors and assigns, shall have the right to

bring within the scheme of this Declaration Additional Properties in future stages of development, provided that such additions are part of a general plan of development and provided that the FHA and/or the VA determine that the annexation is in accord with the general plan heretofore approved by them. Such a general plan of development shall not bind the Declarant, its successors and assigns, to make the proposed additions or to adhere to the plan in any subsection development of the land shown thereon. The additions authorized under this and the succeeding subsection shall be made by filing of record a Supplemental Declaration of Covenants and Restrictions with respect to the additional property which shall extend the scheme of the Covenants and Restrictions of this Declaration to such property. Such Supplemental Declaration may contain such complimentary additions and modifications of the Covenants and restrictions contained in this Declaration as may be necessary to reflect the different nature, if any, of the added properties and as are not inconsistent with the scheme of this Declaration.

(b) Addition to the Property by the Association. Annexation of Additional Property shall require the assent of two-thirds (2/3) of the Class A Members and two-thirds (2/3) of the Class B Members, if any, at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting. The presence of the Members or of proxies entitled to cast sixty percent (60%) of the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event that two-thirds (2/3) of the Class A membership and two-thirds (2/3) of the Class B membership are not present in person or by proxy, Members not present may give their written assent to the action taken thereat. Notwithstanding anything contained herein to the contrary, if the Declarant is still in control of the Association in terms of voting rights, FHA and VA approval shall be required prior to the annexation of additional lands.

ARTICLE XV MISCELLANEOUS

Section 1: Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants and provisions hereof.

Section 2: Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 3: Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be (i) those which would be used in determining the validity of the challenged interest, plus (ii)

those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

Section 4: Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 5: FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration:

- (a) Amendment of the Articles of Incorporation;
- (b) Amendment of the Declaration of Covenants;
- (c) Annexation of Additional Properties;
- (d) Mortgaging or dedication of the Common Area; and
- (e) Dissolution of the Association.

Section 6: Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

Section 7: Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on a recorded plat or other instrument recorded in the office of the County Clerk of Sandoval County, New Mexico, Declarant makes no warranties or representations whatsoever that the plans presently envisioned for the complete development of the community can or will be carried out, or that any land now owned or hereafter acquired by it is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

Section 8: References to the Covenants in Deeds. Deeds to and instruments affecting any Lot or any part of the Property may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such references is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 9: Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assigns of Declarant's rights and powers hereunder.

Section 10: Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 11: Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only, and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context hereof.

By: James Wall
Its: Vice President

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

The foregoing instrument was acknowledged before me this 11th day
of November, 1987, by James Wall, Vice President of Amrep Southwest, Inc.,
a New Mexico corporation on behalf of said corporation.

Victoria Davis
NOTARY PUBLIC

My Commission Expires:



OFFICIAL SEAL
VICTORIA DAVIS
NOTARY PUBLIC - STATE OF NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 6-27-89

STATE OF NEW MEXICO }
COUNTY OF SANDOVAL } SS
This instrument was filed for record on

NOV 12 1987
At 11:56 A.M., P.M.
Recorded in Vol. Misc 212
of records of said county, folio 19-37
Nettie Lucero Griego, Clk. & Recorder
By: TL Deputy

EXHIBIT A

North Hills Subdivision Unit 1, as the same is shown and designated on the plat entitled "North Hills Subdivision Unit 1, situate within the Town of Alameda Grant, City of Rio Rancho, Sandoval County, New Mexico", filed for record on July 16, 1987 in Volume 3, Folio 358-A as Instrument No. 5023; and

North Hills Subdivision Unit 2, as the same is shown and designated on the plat entitled "North Hills Subdivision Unit 2, situate within the Town of Alameda Grant, City of Rio Rancho, Sandoval County, New Mexico", filed for record on August 21, 1987, in Volume 3, Folio 666-B, as Instrument No. 7084.

(herein referred to collectively as the "Property").

This Declaration is made by AMREP SOUTHWEST, INC., Developer of portions of a unique piece of real property which has unequalled natural beauty and topography. The purpose of this Declaration is to perpetuate, with respect to such developed portions, the rich qualities particular to the environment for the benefit of all who acquire property within the North Hills subdivision.

AMREP SOUTHWEST, INC. seeks to meet the increasingly and highly sophisticated living demands of a portion of the burgeoning population of the United States in a manner which insures the full employment of the natural advantages of the area for all who acquire property therein, and yet which encourages controlled yet individual expression within the environment. AMREP SOUTHWEST, INC. believes that this fundamental concept, underlining the development and use of North Hills, serves both public and private interests by fostering a beneficial land use which retains the unique beauty of the environment and creates an atmosphere enriching to the spirit of its participants.

It must be assumed that all owners of property within North Hills, by virtue of their purchase of such property, are motivated by the character of the natural environment in which their property is located, and accept, for and among themselves, the principal that the development must complement that character for its present and future enjoyment by other owners.

WHEREAS, THE UNDERSIGNED, AMREP SOUTHWEST, INC., a New Mexico corporation (hereinafter sometimes called the "Developer"), is the owner of that certain real estate in Sandoval County, New Mexico known as Lots One (1) through Sixty-Four (64) in Block One (1), Lots One (1) through Sixteen (16) in Block Two (2), and Lots One (1) through Ten (10) in Block Three (3), all in the North Hills Subdivision Unit 4A, and more particularly shown and described on the plat entitled, "NORTH HILLS UNIT 4A, A SUBDIVISION OF TRACT "A" AND A REPLAT OF PARCEL "B", IN NORTH HILLS UNIT 4 AND A REPLAT OF PARCEL "A-1" IN NORTH HILLS UNIT 3, CITY OF RIO RANCHO, TOWN OF ALAMEDA GRANT, SANDOVAL COUNTY, NEW MEXICO" and filed for record in the office of the County Clerk of Sandoval County, New Mexico on March 3, 1989, in Rio Rancho Estates Plat Book No. 5, Pages 80-81 (hereinafter sometimes called the "Property"); and

WHEREAS, AMREP SOUTHWEST, INC., for the mutual benefit and enjoyment of purchasers of the Property desires to place thereon certain protective covenants, building restrictions and conditions as to the use and occupancy thereof; and

WHEREAS, certain Protective Covenants and Building Restrictions were previously recorded in the office of the County Clerk of Sandoval County, New Mexico on December 5, 1961, in Book Misc. 12, Pages 517-520, which Developer desires to amend.

NOW THEREFORE, the following Protective Covenants, Building Restrictions and Conditions are imposed on the Property as follows:

ARTICLE I

USE OF THE LAND

A. No structures shall be erected, altered, placed, or permitted to remain on any residential lot other than attached or

CERTIFICATION
All microphotographic images of documents on this film strip
documents in the possession of this agency as noted in the
Certification on file at this agency. These documents
were filmed as a necessary operation in the operation of the
film.

detached single family dwellings and accessory buildings such as garages, greenhouses, and the like. No trailer, mobile home, tent, shack, garage, barn or other outbuilding or any temporary structure erected on any residential lot shall be used at any time as a residence, either temporarily or permanently.

B. No lot shall be further subdivided nor permitted to have more than one single family dwelling. No building, structure, fence, hedge, outbuilding or appurtenance of any nature shall be located closer than the setbacks set forth in the Hidden Hills Development Plan (also known as the "North Hills Development Plan") on file with the City of Rio Rancho. Setbacks may be waived if approved by the City of Rio Rancho and the Architectural Control Committee.

C. No dwelling containing less than 800 square feet of living area, exclusive of garages, carports and accessory buildings, shall be permitted on any residential lot. There shall be provided garage space sufficient for the parking of at least one (1) car for each residential unit.

D. Use and occupancy of any premises within the Property shall be subject to zoning, building, health, sewage disposal, and sanitation regulations promulgated from time to time by the State of New Mexico and government agencies having jurisdiction, or by the Developer, its successors or assigns.

E. No structure with an unfinished exterior shall be permitted to remain on any lot for a period exceeding six (6) months from the date of the commencement of construction.

F. No animals, birds or poultry shall be kept or maintained on any lot, except recognized household pets which may be kept thereon in reasonable numbers as pets for the pleasure and use of the occupants but not for any commercial use or purpose.

G. No fence or hedge shall be erected or maintained on the premises which materially impair the continuity of the general landscaping plan of NORTH HILLS. For this purpose, any fence or hedge erected by anyone other than the Developer must have prior approval of the Architectural Committee.

H. No sign or advertisement of any kind, other than name plates or profession signs (or one "For Rent" or "For Sale" sign) not to exceed one square foot in area, shall be erected or maintained on any lot without the written approval of the Architectural Committee. No billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on any lot, nor shall any lot be used in any way or for any purpose which may endanger the health or unreasonably disturb other lot owners.

I. No lot shall be used in whole or in part for any commercial purpose except as otherwise specifically permitted herein. Nor shall any lot be used in whole or in part for the storage of any property or object that will cause such lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any activity be carried on, or substance kept, upon any lot that will emit foul or obnoxious odors, or that will cause unreasonable noise, excessive illumination, or which may be or become a nuisance to the neighborhood. No clotheslines or storage areas shall be permitted unless concealed by hedges, latticework, or screening acceptable to the Architectural Committee.

J. All public rights-of-way and alleyways shall be kept clear of traffic impediments and parked vehicles. Owners

CELEBRATION
All microphotographic images of documents on this film strip are of such
documents in the possession of this agency as noted in the statement of
most Certification on file at this agency. These documents are routinely
filmed as a necessary condition in the operation of the program.
Renew Vigil 7.25.1

shall keep their vehicles parked in garages or in their driveways. No vehicles, boats, campers, motor homes or travel trailers shall be parked more than one (1) day or overnight upon any portion of any public right-of-way within the North Hills Subdivision. Parking of vehicles of any kind or nature in the front or rear yard of any lot is not be permitted.

K. Notwithstanding anything contained herein to the contrary, no garage shall be permitted to be enclosed for living purposes or used for purposes other than the storage of automobiles and related normal, non-commercial uses.

L. No swimming pool shall be installed on any residential lot without the prior written approval of the Architectural Committee.

M. No driveway or access provisions shall be changed or modified by any lot owner nor shall any lots be permitted to have multiple driveway accesses without the express written consent of the Architectural Committee. No front entrance driveways shall be permitted where rear alleyways have been provided for the principal and sole access to a dwelling.

N. Lawns care and maintenance shall be provided by the North Hills Property Owner's Association for the entire landscaped of the front lawn of each dwelling. Installation of any additional landscaping such as shrubs, floral plantings, trees, landscape stone, wood and other materials, other than the original landscaping provided by Developer, is prohibited without the prior written approval of the North Hills Property Owner's Association, or its designee.

O. Laundry poles and lines outside of residences are prohibited except that one portable laundry dryer, not more than seven (7) feet high, may be used in the rear yard of each dwelling on days other than Sundays and legal holidays.

ARTICLE II

EASEMENTS

A. Easements and rights-of-way designated on the plats of North Hills Subdivision Unit 4A are hereby reserved unto Amrep Southwest, Inc., Albuquerque Utilities, Inc., the County of Sandoval, the City of Rio Rancho, and all public and private utility companies for the construction, installation and maintenance of any and all utilities, such as power cable, gas lines, drains, sewers, roads, water supply lines, telephone and telegraph lines or the like, necessary or desirable for public health and welfare. Such easements and rights-of-way shall be confined to a five (5) foot width along the rear and side lines of every lot and along every street, road or highway abutting the premises, unless otherwise designated on the plat.

B. All easements shall be kept free from alteration, and owners of lots containing such easements shall keep them free from permanent structures and shall provide access without trespass by maintenance personnel for the upkeep of such facilities which may be constructed within those easements.

C. Right of access is hereby reserved unto Amrep Southwest, Inc. for general improvements of any owner's lot or lots in the Subdivision of the City of Rio Rancho, but such right or access to any lot shall terminate upon commencement of construction of a dwelling structure upon said lot.

D. Sale of any lot shall include all rights of Amrep Southwest, Inc. in and to the street, road or highway fronting

CERTIFICATION
All photographs and maps of documents on this file strip are of sufficient accuracy to be used in the preparation of this report as noted in the Statement of Documents. These documents are available for inspection on file at this agency. These documents are available for inspection on file at this agency. These documents are available for inspection on file at this agency.

the same, subject however to the rights of all others to use the same as public or private thoroughfares. Amrep Southwest, Inc. reserves the right to dedicate to the public all streets, roads and highways abutting the property affected hereby and elsewhere in the City of Rio Rancho without the consent of any owner within the Subdivision.

E. All public and private rights-of-way, including streets and roads dedicated to the County of Sandoval and/or the City of Rio Rancho, shall also be considered a utility easement. Such easement shall be measured perpendicular (or radial on curves) from the front property corners of all lots to the center line of such street or road.

F. Right-of-use easements appearing on the plat of Unit 6, including front and rear use easements, drainages easements, reciprocal air rights easements and building maintenance easements, are granted to adjacent lot owners for access and maintenance of buildings and non-load bearing ornamental arches and other structures adjoining the side wall of adjacent structures, landscaping, access, and the like.

ARTICLE III

ARCHITECTURAL CONTROL COMMITTEE

A. An Architectural Control Committee is hereby established and the members thereof shall be designated from time to time by the Board of Directors of Amrep Southwest, Inc., a New Mexico corporation. No committee member or designated representative shall be entitled to compensation for services performed pursuant to this covenant at any time.

B. No Structure shall be erected, altered, placed or permitted to remain nor shall construction commence on any lot until the design and location of such structure and the like of materials to be used in such structure and the landscaping shall have been approved in writing by an Architectural Committee, it being the intention of this provision to encourage orderly and harmonious architectural design and landscaping. All construction shall be in harmony with, and compatible in appearance to, the surrounding neighborhood. No chain link fencing shall be permitted.

C. For good cause shown, the Architectural Control Committee, by unanimous vote, may waive any provision of any Article provided such waiver is in keeping with the intent of the requirements recited herein and that such waiver does not create any threat to the safety, orderliness, appearance, drainage, utilities or general nature of the Subdivision. To be effective, such waiver must be given in writing and a true copy thereof filed for public record with the County Clerk of Sandoval County, New Mexico.

D. All approvals of plans, designs, specifications, alterations, additions, etc. shall be in writing. In the event the Committee or its representative fails to act within thirty (30) days from the date of the written request for approval and submission of plans and specifications to be approved, said approval by the Committee or its representatives will not be required.

E. Any approval of plans and specifications shall not be construed as professional expertise and no warrant or liability for construction according to such approved plans shall be placed on the Architectural Control Committee or the Developer. Notwithstanding the foregoing, the Architectural Control Committee may employ professional expertise for such

ALL microphotographic images of documents on this film strip are of archival
quality as the preservation of this master is noted in the Statement of Work
and Certification on file of this agency. These documents are precisely as
filmed as a necessary condition in the construction of an archival document.

review, such as consultant architects, planners, engineers or surveyors and the cost for such review shall be borne entirely by the owner submitting the plans.

F. Variance: A majority of the Architectural Control Committee may from time to time make amendments and/or exceptions to these restrictions, covenants and reservations without the consent of any of the owners of any of the other lots in said Subdivision. Such amendments and/or exceptions must be given in writing and a true copy thereof filed for public record with the County Clerk of Sandoval County, New Mexico.

ARTICLE IV

UTILITY SERVICE

A. Lines, wires and other devices for the transmission of electric current or power, and telephone, telegraph or television lines and service utilities shall be placed underground.

B. Principal location for all such utilities mentioned above shall be within the easement along and within the dedicated streets and roads as described in Article II.

ARTICLE V

OIL, GAS, AND MINERAL RIGHTS

All oil, gas and mineral rights in, to and under the entire Subdivision are reserved to the Developer and its heirs, administrators, executors and assigns.

ARTICLE VI

REPLATTING

The Developer, its successors and assigns, reserves the right without the consent of any owner of property within the subdivision to change, extend or close any streets or roads or to designate any area for uses other than those permitted herein and to cut new streets or roads or file a replat of any of the plats hereinafter described, provided such change or replat shall not interfere with ingress and egress to the property of any lot not owned by the Developer, its successors and assigns or alter the size of any lot not owned by the Developer, its successors and assigns.

ARTICLE VII

AMENDMENT AND MODIFICATION

The Developer, its successors and assigns, reserves the right to amend these covenants and building restrictions in whole or in part, including, without limitation, the establishment of a property owners' association with authority to succeed to the interests of the Developer herein in whole or in part and to promulgate rules, regulations and provisions governing the use of this subdivision and common areas and facilities, including the imposition of charges and assessments for the installation and maintenance of common areas, common facilities, roads and any and all facilities, provided that the then owner or owners of a majority of the lots covered by these covenants and building restrictions consent to such amendments. As used in these covenants, the owner of a lot shall be deemed to be the fee title owner of record of any lot in the subdivision.

CERTIFICATION
All documents on this film strip are of authentic character and the images of documents are true and correct as shown in the statement of documents in the possession of this agency as noted in the statement of documents in the possession of this agency. These documents are recorded in the public records of the State of New Mexico in the name of the State of New Mexico. This certification is given as a matter of course in the absence of any objection.

ARTICLE VIII

TERM OF RESERVATIONS

All of the reservations, restrictions, easements and conditions contained herein shall be deemed covenants running with the land described hereinabove, and shall be binding upon all successive owners thereof and all persons claiming under them until January 1, 2008, at which time said covenants and restrictions shall automatically be extended for successive periods of ten (10) years, unless by a vote of a majority of the then owners of the above described lots, it is agreed to change covenants in whole or in part.

ARTICLE IX

ENFORCEMENT

Enforcement of the covenants contained herein shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain violation or recover damages. In addition to the foregoing, the Developer, its successors or assigns, shall have the right whenever there shall have been built on any lot any structure which is in violation of these restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner, and such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation, restriction or condition contained in these protective covenants, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

ARTICLE X

MISCELLANEOUS

A. Invalidation of any one of the covenants contained herein by judgment, court order or for any other reason shall in no way affect any of the other covenants, all of which shall remain in full force and effect.

B. As used in these restrictions, the words "successors and assigns" shall not be deemed to refer to an individual purchaser of a lot or lots from AMREP SOUTHWEST, INC. but shall be deemed to refer to the successors or assigns of legal or equitable interests, rights or obligations of AMREP SOUTHWEST, INC., who are designated as such by an instrument in writing signed by AMREP SOUTHWEST, INC., and recorded among the public records of Sandoval County, New Mexico, specifically referring to this provision of these restrictions.

IN WITNESS WHEREOF, the Developer has hereunto caused this instrument to be signed and sealed on the 19th day of July, 1989.

AMREP SOUTHWEST, INC.,
a New Mexico corporation

By: _____

James Wall
James Wall
Executive Vice President

ALL MICROPHOTODUPLICATIONS OF THIS FILE SHALL BE MADE IN THE STATEMENT OF DOCUMENTS IN THE POSSESSION OF THIS OFFICE TO BE MADE IN THE STATEMENT OF DOCUMENTS IN THE POSSESSION OF THIS OFFICE. THESE DOCUMENTS ARE HEREBY FILED AS A SECURITY MEASURE IN THE STATEMENT OF DOCUMENTS IN THE POSSESSION OF THIS OFFICE.

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

The foregoing instrument was acknowledged before me this 19th day of July, 1989, by James Wall, Executive Vice President of Amrep Southwest, Inc., a New Mexico corporation, on behalf of said corporation.



OFFICIAL SEAL
Signature Candy L. Klein
CANDY L. KLEIN
NOTARY PUBLIC - NEW MEXICO
Notary Bond Filed with Secretary of State
My Commission Expires 8/2/90

My Commission Expires:

STATE OF NEW MEXICO } 33
COUNTY OF SANDOVAL }
This instrument was filed for record on
Jul 21 1989
At 9:56 AM P.M.
Recorded in Vol. 1120 254
of records of said county, folio 252-259
SALLY PADILLA, Clerk & Recorder
By: [Signature] Deputy

Unit 4

FIFTH SUPPLEMENTAL DECLARATION TO
THE DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR NORTH HILLS, A
PLANNED UNIT DEVELOPMENT

THIS SUPPLEMENTAL DECLARATION is made this 19th day of July, 1989, by AMREP SOUTHWEST, INC., a New Mexico corporation (hereinafter referred to as the "Declarant").

RECITALS:

WHEREAS, the Declarant is the owner of certain real estate in Sandoval County, New Mexico known as the North Hills Subdivision Unit 4A and more particularly shown and described on the plat entitled "NORTH HILLS UNIT 4A, A SUBDIVISION OF TRACT "A" AND A REPLAT OF PARCEL "B", IN NORTH HILLS UNIT 4 AND A REPLAT OF PARCEL "A-1" IN NORTH HILLS UNIT 3, CITY OF RIO RANCHO, TOWN OF ALAMEDA GRANT, SANDOVAL COUNTY, NEW MEXICO" and filed for record in the office of the County Clerk of Sandoval County, New Mexico on March 3, 1989, in Rio Rancho Estates Plat Book No. 5, Pages 80-81 (hereinafter referred to as the "Fifth Additional Property"); and

WHEREAS, the Declarant recorded a Declaration of Covenants, Conditions and Restrictions for North Hills, A Planned Unit Development in the office of the County Clerk of Sandoval County, New Mexico on November 12, 1987, in Book Misc. 212, Pages 19-37 (hereinafter referred to as the "Declaration") which was applicable to Units 1 and 2 of the North Hills Subdivision; and

WHEREAS, the Declarant recorded a First Supplemental Declaration To The Declaration Of Covenants, Conditions and Restrictions For North Hills, A Planned Unit Development in the office of the County Clerk of Sandoval County, New Mexico on May 13, 1988, in Book Misc. 218, Page 766, which subjected Unit 3 of the North Hills Subdivision to the Declaration; and

WHEREAS, the Declarant recorded a Second Supplemental Declaration To The Declaration of Covenants, Conditions and Restrictions For North Hills, A Planned Unit Development, in the Office of the County Clerk of Sandoval County, New Mexico on August 25, 1988, in Book Misc. 222, Pages 629-630, which subjected Unit 4 of the North Hills Subdivision to the Declaration; and

WHEREAS, the Declarant recorded a Third Supplemental Declaration To The Declaration of Covenants, Conditions and Restrictions For North Hills, A Planned Unit Development, in the office of the County Clerk of Sandoval County, New Mexico on

November 30, 1988, in Book Misc. 225, Pages 677-678, which subjected Unit 5 of the North Hills Subdivision to the Declaration; and

WHEREAS, the Declarant recorded a Fourth Supplemental Declaration To The Declaration of Covenants, Conditions and Restrictions For North Hills, A Planned Unit Development, in the office of the County Clerk of Sandoval County, New Mexico on July 13, 1989, in Book Misc. 233, Pages 915-916, which subjected Unit 6 of the North Hills Subdivision to the Declaration; and

WHEREAS, the Declarant desires to subject the Fifth Additional Property to the terms of the Declaration.

NOW, THEREFORE, the Declarant hereby declares, covenants and agrees as follows:

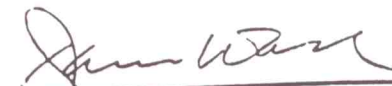
1. Pursuant to the provisions of Article XIV, Section 1(a) of the Declaration, the Fifth Additional Property is subjected to the terms and provisions of the Declaration.

2. Whenever the term "Property" is used in the Declaration, it shall be deemed to include the Fifth Additional Property after the date of this Supplemental Declaration.

3. All Lots contained within the Fifth Additional Property shall be a separate class of improvement for annual assessments purposes only, additional to the two classes identified within Article III, Section 3 of the Declaration. The Annual Assessment for Lots within the Fifth Additional Property may be different from the Annual Assessment of any other classes of improvements within the Property in the discretion of the Association; provided that the Annual Assessment rate shall be uniform within the class, shall be based on benefit and shall not exceed Twenty and No/100ths Dollars (\$20.00) per month per Dwelling Unit until January 1 of the year immediately following the conveyance of the first Lot to an Owner.

IN WITNESS WHEREOF, the Declarant sets its hand and seal on the date first written above.

AMREP SOUTHWEST, INC.,
a New Mexico corporation

By: 
James Wall
Executive Vice President

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

19th The foregoing instrument was acknowledged before me this day of July, 1989, by James Wall, Executive Vice President of Amrep Southwest, Inc., a New Mexico corporation, on behalf of said corporation.



OFFICIAL SEAL
Signature Candy L. Klein
CANDY L. KLEIN
Notary Public - New Mexico
Notary Bond Filed with Secretary of State
My Commission Expires: 8/2/90

My Commission Expires:

STATE OF NEW MEXICO } SS
COUNTY OF SANDOVAL }
This instrument was filed for record on

JUL 21 1989
At 9:55 A.M./P.M.
Recorded in Vol. 17100 234
of records of said county, folio 250-252
SALLY PADILLA, Clerk & Recorder
By: [Signature] Deputy