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DECLARATION OF PROTECTIVE COVENANTS IMPOSED UPON SIERRA NORTE UNIT I

The undersigned, Sierra Norte, LLC (the **"Developer"**), being the owner of a tract of land located in the City of Rio Rancho, Sandoval County, New Mexico, more particularly described in Exhibit "A" attached hereto and made a part hereof (the "**Property**"), hereby makes the following declarations as to the limitations and restrictions placed upon the above-described lots and uses to which the above-described lots may be put (the "**Protective Covenants**"); hereby specifying that said Protective Covenants shall constitute covenants to run with said land, and shall be binding upon all parties and all persons claiming under them and for the benefit of and limitations upon all future owners of said lots (each a "**Lot Owner**"). Nothing herein contained shall limit the right of the undersigned to use other portions of said subdivision or other lands contiguous to or near the above-described land for purposes other than residences, or to impose restrictive covenants thereon, which are less stringent that those stated herein.

1. LOT DIVISION.

No platted lot shall be split or further subdivided so as to reduce the area thereof, except as necessitated by correction of encroachments or other boundary deficiencies caused by errors in surveying and/or construction.

2. LAND USE AND BUILDING TYPE.

No lot or any portion thereof shall be used except for single-family residential purposes. No building shall be erected, altered, placed, or permitted to remain on any lot other than one (1) single-family detached dwelling. Each dwelling unit shall have an attached private garage for no fewer than two (2) or more than three (3) cars except where the lot width is forty (40') feet or less then a one car garage will be allowed, carports are not allowed in this subdivision. All lots within the subdivision shall not exceed (a) the lesser height of twenty-six feet (26) in height above highest finished grade of the residential lot, except for chimneys and television antennae of reasonable size, or (b) the height equal to building height limitations to preserve solar access provided in the ordinances of Rio Rancho. Lots with two (2) pad elevations (split level) may exceed two (2) stories but shall not exceed twenty six (26) feet in height from the curb elevation on that lot as defined on said grading plan. For purposes of this paragraph, a garage shall be considered to be part of the dwelling to which it is attached. These standards are to be in effect unless modified by the Architectural Control Committee.

3. TEMPORARY USES.

Any lot or portion thereof may be used as a sales office, model home complex, or storage and construction yard during the construction and sales period. All temporary uses as defined herein must have the prior written approval of the Architectural Control Committee, which shall establish written requirements therefor. At all times the lot owner will assure no pollution or contamination will occur on the lot(s).

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4. BUILDING LOCATION.

No building shall be located on any lot in such a manner as to violate the City of Rio Rancho Zoning Ordinance(s), Subdivision Regulations, or any other public ordinance adopted by

any governmental authority having jurisdiction over the lots which might pertain to building construction and/or location. The minimum building setback for the dwelling shall be not less than Twenty five (25) feet from front property line and the minimum building setback for the garage shall be not less than (a) twenty five (25) feet from the front property line and the minimum building setback for the dwelling shall be not less fifteen (15) feet from rear property line and five (5) feet from either side property line; or (b) the front yard and side yard setback requirements imposed by the ordinances of the City of Rio Rancho, or as permitted by Special Exceptions to the Comprehensive City Zoning Code. Any Lot Owner proposing to build improvements on his lot must obtain approval from the City of Rio Rancho for the proposed plan for compliance with all applicable ordinances in effect at that time regarding building height and front and side yard setbacks. For the purpose of this paragraph eaves, steps, patios, walkways and open porches shall not be considered as part of a building. In no case shall eaves, steps, patios, walkways or open porches encroach upon another lot.

5. DWELLING SIZE.

The heated area within the structure of any dwelling, exclusive of porches, garages or other appurtenant structures shall not be less than 1,008 square feet except where the lot width is 40 feet or less then on those lots the heated area shall not be less than 900 square feet and one (1) car garage. In the case of residences of more than one story, not less than 500 square feet shall be on the ground floor. In cases of multiple-level dwellings, the Architectural Control Committee shall conclusively determine what constitutes ground floor area as distinguished from basement or other non-ground floor areas.

6. ARCHITECTURAL STANDARDS.

No building, garage, block wall, basement, shed, outbuilding or other structure of any kind, whether permanent or temporary, shall be erected, place or altered on any lot until construction plans and specifications, and a plan showing the location of the structure, have been approved by the Architectural Control Committee as to quality of materials, harmony of external design with existing structures, and as to the location of the building with respect to topography, setback requirements and finish grade elevations. All construction, whether new or remodel, will be completed within six (6) months from the date of commencement. No lot shall be used for the storage of materials for a period greater than thirty (30) days prior to the start of construction and during the construction period. All shall be maintained in a neat, orderly condition at all times. No existing building shall be altered, remodeled or changed until the plans for such change, alteration or remodeling has been approved by the Architectural Control Committee. No garage may be used as a residential area, and may not be used or altered to a size smaller than is necessary to accommodate full-sized automobiles, without the prior written consent of the Architectural Control Committee. No clotheslines or paraphernalia for outside drying of clothes are permitted. All front yard landscaping shall be complete within six months (6) from issuance of the certificate of occupancy for each dwelling and shall be designed and constructed as to compliment and enhance the subdivision. If front yard landscaping has not been timely completed, the Association may have the work done and invoice the Lot Owner(s). Lot Owner(s) will pay invoice within thirty (30) days.

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7. ANTENNAE.

No antennae (amateur radio, citizen's band radio,) or other, except television antennae of reasonable size or satellite dish (provided the dish is less then 18" in diameter and eve mounted), shall be erected upon any lot or dwelling exterior without the prior written approval of the Architectural Control Committee.

8. NUISANCES.

No noxious or offensive activity or use contrary to the laws of the United States of America or the State of New Mexico, or the ordinances of the City of Rio Rancho or any other governmental authority having jurisdiction shall be carried on upon any lot: nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood.

9. TEMPORARY STRUCTURES.

No structure of a temporary character (motor home, camper, trailer, boat, recreational vehicle, tent, shack, garage, barn, storage shed or other outbuilding) shall be stored, used erected or constructed on any lot without the prior written approval of the Architectural Control Committee. In no case shall any of the above-mentioned structures be used as a residence, either temporarily or permanently. No campers, house trailers, motor homes, recreational vehicles, or trucks over 3/4 ton shall be stored or parked on any lot except while parked in a closed garage; boats may be stored behind a screened wall or gate to the rear of the lots. No vehicle shall be permitted to be parked permanently on any street within the subdivision. No vehicle of any type may be repaired on any lot except while parked in a closed garage.

10. DRAINAGE AND UTILITY EASEMENTS.

10.1 Fences and walls shall be in conformance with all applicable zoning and building ordinances, and any other public ordinances pertaining thereto.

10.2 No fence or wall, except necessary walls of minimum height, or architectural walls approved with the original construction, shall be erected or allowed to remain nearer the front property line than the front of the building.

10.3 On corner lots, no side street fence or wall, except retaining walls of minimum height, or architectural walls approved with the original construction shall be erected or allowed to remain nearer the front property line than the front of the building.

10.4 Side-yard and rear-yard fences or walls of cement block and similar color as original construction (tan or brown) construction are required, and shall not be less than four feet (4') or more than 6 feet in height above finished grade at the property line. All side-yard and rear-yard fences shall be constructed on the property lines.

10.5 The Lot Owner of the lot upon which a perimeter wall may be located shall be responsible for maintaining the wall in an attractive and safe manner for that portion of the wall located on the Lot Owner's property.

10.6 Retaining walls shall be party walls if placed on the common property line of two lots and shall not be removed by either Lot Owner, nor the color altered by either Lot Owner without the consent of the other.

11. SIGHT TRIANGLE AT INTERSECTIONS.

No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between a height of three feet (3') and a height of eight feet (8') above the roadways in the contemplated subdivision, shall be placed or permitted to remain on any corner lot within the triangular area formed by the street right-of-way lines and a line connecting them at points twenty-five feet (25') from the intersection of the street lines or, as in the case of rounded property corners, from the intersection of the street right-of-way lines extended unless approved by the City of Rio Rancho and Architectural Control Committee. No tree shall be permitted to remain within such distance of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

12. SIGNS.

No sign of any kind shall be displayed to the public view on any lot except one non-illuminated sign of not more than five (5') square feet, advertising the property for sale or rent. Additional signs may be used by a builder or realty office to advertise the property during the construction and sales period, subject to the prior written approval of the Architectural Control Committee as provided in this Agreement. Developer or its successors in interest may construct signs reasonably necessary for subdivision identification and direction.

13. LIVESTOCK, POULTRY AND PETS.

No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any lot, except dogs, cats, or other non-exotic household pets. No animal, fowl, fish or reptile of any kind may be kept, bred or maintained for any commercial purpose.

14. GRADING.

No lot may be landscaped or regraded in such a manner as to cause the drainage characteristics of the lot to differ materially from the approved grading plan; and in no case shall the drainage characteristics be modified in such a way as to cause damage to adjacent properties. Purchaser acknowledges that at closing the grades have been certified as built to City approved grading plans and at closing the lot is being delivered with these City grades in place. Back yard grading is part of the approved drainage plan and shall not be changed.

15. MAINTENANCE OF LOTS.

Lot Owners of vacant lots and owners of residences will be responsible for keeping the lots cleared and free of all weeds, trash and other detracting conditions. If owner does not maintain the lots then the Association may have the work done and invoice the Lot Owners which invoice the Lot Owner will pay within 30 days.

16. TREES.

Each Lot Owner shall comply in all respects with the Rio Rancho Street Tree Ordinance as said ordinance may exist as of the date these Protective Covenants are filed for record (herein the "**Street Tree Ordinance**"). The Lot Owners shall submit a street tree plan as required by the Street Tree Ordinance, shall plant, trim and maintain trees as required thereby and shall replace dead trees as required thereby. The initial Lot Owner shall be required to install one tree between the sidewalk and the curb near the front street. The tree shall be honey locust approximately 1 ½ to 2 inches in diameter and 15 gallon container. Thereafter, each Lot Owner

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shall be responsible for the maintenance and watering of each such tree. In the event that such tree dies and the Lot Owner fails to replace such tree within three (3) months of it dying, the Association shall have the right to remove such dead tree, plant a new tree, and charge all the costs thereof to the Lot Owner. This covenant may be enforced in accordance with enforcement provisions of these Protective Covenants.

17. ARCHITECTURAL CONTROL COMMITTEE.

17.1 The Architectural Control Committee (the **"Committee"**) is initially composed of representatives of the Developer. Upon dissolution, resignation or removal of the Developer, the Association shall have full authority to designate a successor(s). Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services rendered pursuant to this Covenant. Any members of the Committee may be removed at any time by a majority of the Committee, with or without cause. The Committee shall be authorized to designate an individual or individuals to take any action, which could be taken by the Committee as a whole. Any member shall be able to act on behalf of the Committee if so appointed by the Committee.

17.2 All requests for approval required or allowed hereunder shall be submitted to the Committee in writing, together with all documentation reasonably necessary for the Committee to act on the request. The Committee may request additional information should the same be deemed necessary.

17.3 The Committee's approval or disapproval as required in these Covenants shall be in writing. In the event the Committee or its designated representative fails to approve or disapprove in writing within fifteen (15) days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction of projects previously submitted to the Committee has been commenced prior to the completion thereof, approval will not be required and the related Covenants shall be deemed to have been fully complied with.

17.4 In the event no member remains on the Committee new members to the Committee can be chosen in the following manner: upon written request of ten percent (10%) of the Lot Owners, a meeting shall be held for the purpose of selecting one or more members to the Committee. Reasonable diligence shall be used to notify the Lot Owners of the time and place of the meeting, and the purpose thereof.

17.5 At such meeting, up to five (5) persons may be selected as members of the Committee. Each Lot Owner shall have one (1) vote, and the five (5) persons receiving the most votes shall be selected as members of the Committee.

18. ASSOCIATION.

18.1 Prior to the expiration of the term of the Development Period (as defined below), Developer shall convey to the Sierra Norte Homeowners Association (the "**Association**") fee simple title to the common areas located upon the Property, subject to current real property taxes and reservations, easements, covenants and conditions and restrictions then of record, including those set forth in these Protective Covenants (the "**Common Areas**"). Such conveyance shall not relieve Developer of its responsibility to complete the initial development of the Common Areas to be located upon the Property within a reasonable time thereafter.

18.2 The Property shall be administered by the Association, acting by and through its Board of Directors, who shall be elected in accordance with the Bylaws, and whose duties will be governed by the terms of these Protective Covenants, the Articles and the Bylaws. However, the Association may employ a professional management agent to perform, subject to the supervision of the Board of Directors, such duties and services as the Board of Directors shall direct, including, but not limited to, management of the Common Areas and the collection of and accounting for assessments made by the Association. Any such management agreement shall provide for a rate of compensation to be established and/or approved by the Board of Directors, and shall further provide for the right of the Association to terminate the same without cause upon not more than thirty (30) days written notice and immediately for cause.

18.3 The Association, acting by and through its Board of Directors, shall be responsible for the proper and efficient management and operation of the Property as more particularly described herein. The Association shall be responsible for:

a. landscaping and installing watering systems upon the Common Areas not improved as roadways;

b. operating, maintaining (including insuring) and rebuilding, if necessary, all signs, walls, retaining walls, rock facing and other improvements originally constructed by Developer or thereafter constructed by the Association, including but not limited to improvements constructed pursuant to the wall agreement;

c. paying real estate taxes, assessments and other charges against the Common Areas conveyed or to be conveyed to the Association as herein contemplated;

d. insuring all improvements which the Association is obligated to maintain against damage by fire or other insurable casualty with such companies and with such limits as the Association deems appropriate;

e. hiring, firing, supervising and paying employees and independent contractors including, but not limited to, workers, landscaping personnel, attorneys, accountants, architects and contractors to carry out the obligations set forth herein and in the Bylaws of the Association;

f. maintaining such liability insurance as the Association deems necessary to protect the Association and the Board of Directors of the Association from any liability from occurrences or happenings on or about the Common Areas (including, but not limited to, errors and omissions insurance for the Board of Directors of the Association);

g. maintaining worker's compensation insurance for the employees of the Association;

h. purchasing all goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

i. enforcing the provisions of these Protective Covenants including, but not limited to, the use restrictions provided for herein and the Architectural Control provisions provided for herein;

j. establishing and maintaining such cash reserves as the Association deems reasonably necessary for the maintenance, repair and replacement of any portion of the Common Areas for which it is responsible to maintain and for unforeseen contingencies;

k. providing and paying for all utility services to the Common Areas;

l. entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above and the operation and maintenance of the Property as a quality residential development.

18.4 Notwithstanding anything in these Protective Covenants to the contrary, in the event the need for maintenance, repairs or replacements required to be performed by the Association shall be caused by the negligent or tortuous acts or neglect of a Lot Owner, or a Lot Owner's agent, employee, invitee, licensee or tenant, then such Lot Owner shall be responsible for all of such damage, which shall be considered a Special Expense. Furthermore, notwithstanding anything in these Protective Covenants to the contrary, the Association shall not be liable to any Lot Owner for any delay in the completion of any repair, restoration or replacement due to causes beyond the reasonable control of the Association, its contractors or subcontractors. Specifically, the Association shall not be liable for delay occasioned by weather, shortage or unavailability of materials and strikes or work stoppages.

18.5 Every person or entity who is the owner of a fee or of the equitable title in a lot, when purchasing under a real estate contract, and who is subject to assessment, either present or future, by the Association, pursuant to the Protective Covenants, shall be a member of the Association. For the purpose of determining membership, ownership will be deemed to have vested upon delivery of a duly executed deed or contract to the grantee or vendee. The legal title retained by a vendor selling under a real estate contract that is essentially a security device shall not qualify the vendor for membership. Foreclosure of a real estate contract or repossession for any reason of a lot sold under real estate contract shall terminate the vendee's membership, whereupon all rights to membership shall revest in the vendor. Members shall have the voting rights as set forth in the Articles of Incorporation and the Bylaws of the Association. The voting rights of any member shall be automatically suspended during any period which such member shall be delinquent in the payment of assessments due the Association.

18.6 The Board of Directors of the Association shall have the authority, from time to time, to make reasonable rules and regulations regarding the use and enjoyment of the Common Areas which are not inconsistent with these Protective Covenants or the Articles or Bylaws of the Association which rules and regulations shall be binding upon all Lot Owners.

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19. ASSESSMENTS; LIEN.

19.1 The Board of Directors shall have the responsibility and authority to assess the Lot Owner of each lot for Common Expenses and, as applicable, Special Expenses, and the Lot Owners shall be personally liable for the payment of such assessments levied during the time any such Lot Owner owns a lot within the Property. The assessment applicable to each lot shall be a charge and continuing lien upon such lot. "**Common Expenses**" shall mean and refer to (a) the expenses for, or reasonable reserves for, the maintenance, management, operation, repair and replacement of those portions of the Property as to which it is the responsibility of the Association to maintain, manage, operate, repair and replace; (b) the cost of capital improvements which the Association may from time to time authorize; (c) the expenses of management and administration of the Association, including without limitation, compensation paid by the Association to a manager, or accountants, attorneys, or other employees or agents; (d) the expenses incurred by the Association for paying employee salaries, utility bills, insurance premiums, and property taxes; (e) any other item or items designated by or in accordance with other provisions of these Protective Covenants or the Bylaws to be Common Expenses; and (f) any other expenses reasonably incurred by the Association on behalf of all Lot Owners.

19.2 Not less than thirty (30) days prior to the beginning of each fiscal year (to be determined in accordance with the Bylaws) the Board of Directors shall, after taking into consideration all anticipated items of Common Expense, for such fiscal year, together with a reasonable reserve for contingencies, fix and establish the amount of the Annual Common Assessment (the "**Annual Common Assessment**") to be allocated and charged to all owners of lots within the Property.

19.3 For periods of ownership of less than a full calendar year, the Lot Owner of each lot, on the basis of the foregoing, shall be charged a pro-rata amount thereof based upon the number of days of ownership within the year of acquisition of such Lot Owner's lot.

19.4 With respect to the foregoing, the method of allocating the Annual Common Assessment among the Lot Owners may be changed and/or modified upon the approval in writing of three fourths (3/4ths) of the votes of members of the Association in good standing present at an annual meeting (or special meeting called for that purpose) at which a quorum (as defined in the Bylaws) is present.

19.5 Following the establishment of the Annual Common Assessment, each Lot Owner shall be given notice of the Annual Common Assessment and their pro rata share thereof, but the failure of a Lot Owner to receive such notice shall not affect their liability for the payment of their share thereof. Each Lot Owner's share of the Annual Common Assessment shall be due and payable by each Lot Owner (excluding Developer) in monthly installments equivalent to 1/12th of their pro rata share of the Annual Common Assessment, in advance, on the first of each month.

19.6 During the course of a fiscal year should the Board of Directors determine that the Annual Common Assessment theretofore assessed will be inadequate, the Board of Directors from time to time may increase the Annual Common Assessment for such fiscal year and each Lot Owner's pro rata part thereof. Conversely, should the Board of Directors during the course

of a fiscal year determine that the Annual Common Assessment theretofore assessed will create a surplus in excess of that necessary as a reserve for contingencies, the Board of Directors from time to time may decrease the Annual Common Assessment and each Lot Owner's pro rata part thereof. In either such event, the Board of Directors shall notify each Lot Owner of the adjustment and the revised amount of each monthly installment thereafter due by each.

19.7 If the Board of Directors shall fail to fix and establish the Annual Common Assessment and the pro rata part due by each Lot Owner as herein provided, the Annual Common Assessment and the proportionate part due by each Lot Owner for the previous fiscal year shall be automatically established immediately prior to the commencement of the fiscal year so that there will be no interruption in the payment by a Lot Owner of the monthly installments due.

19.8 Notwithstanding any other provisions of these Protective Covenants, Developer, during the period of time until Developer no longer owns any lots (the "**Development Period**"), shall have no obligation to pay to the Association the proportionate part of the Annual Common Assessment applicable to lots owned by Developer. Developer shall, however, during the Development Period, pay to the Association from time to time, as required, any amounts necessary (over and above payments to the Association by the Lot Owners) to satisfy the Association's current operating expenses on a cash basis. During the Development Period, Developer shall have no obligation to contribute any sums to the Association on account of reserves. Except as expressly stated in this paragraph, no Lot Owner shall be exempt from liability for assessments duly established by the Association. Further, no diminution or abatement of assessments shall be allowed or claimed for inconvenience arising from the making of repairs or improvements to the Common Areas or lots from any action taken to comply with any law, ordinance or order of a governmental authority.

19.9 Special Assessments may be fixed and established by the Board of Directors against certain lots for the payment of Special Expenses. Such Special Assessment shall be due and payable by a Lot Owner against whom a Special Assessment is levied by the Association upon demand. Provided, however, no Special Assessment shall be established against any Lot Owner until such Lot Owner shall have been given the opportunity to present evidence on such Lot Owner's behalf at a hearing, and no such hearing shall be held until such Lot Owner shall have received at least ten (10) days' written notice specifying the reasons for the proposed Special Assessment and the exact time and place of the hearing. The decision of the Board of Directors shall be final and binding upon the parties. "**Special Assessment**" shall mean an assessment for Special Expenses. "**Special Expenses**" shall mean (a) the expenses incurred by the Association for the repair of damage or loss to those portions of the Property as to which it is the responsibility of the Association to maintain caused by the negligent or tortuous acts or neglect of a Lot Owner or its tenants which is not covered by insurance; and (b) any other item or items designated by or in accordance with other provisions of these Protective Covenants or the Bylaws to be Special Expenses.

19.10 The obligation of each Lot Owner to pay each Lot Owner's pro rata share of the Annual Common Assessment and any Special Assessments established or fixed by the Board of Directors against a lot pursuant to these Protective Covenants is hereby declared to be secured by

a lien (the "**Assessment Lien**") in favor of the Association covering each such Lot Owner's lot subject to foreclosure in accordance with law. By the acceptance of a deed to such lot, each Lot Owner (and their subsequent grantees) assumes and agrees to pay such assessments in accordance with the terms and provisions of these Protective Covenants.

19.11 If any lot subject to the Assessment Lien reserved for the payment of assessments due and to become due pursuant to the terms of these Protective Covenants shall be subordinate to the lien of a first lien mortgage or deed of trust or any mortgage or deed of trust in favor of an institutional lender (a "Mortgage"): (i) the foreclosure of the Assessment Lien reserved herein shall not operate to affect or impair the lien of such Mortgage; and (ii) the foreclosure of the lien of the Mortgage or the acceptance of a deed in lieu of foreclosure thereof shall not operate to affect or impair the Assessment Lien reserved herein. Any purchaser at such a foreclosure sale or recipient of a deed in lieu of foreclosure shall be deemed a Lot Owner of the lot acquired and shall be responsible for payment of all assessments accrued prior to and after the foreclosure sale or deed in lieu of foreclosure.

19.12 The payment of an assessment shall be considered delinquent if not paid upon the due date thereof and shall bear interest from such date at the rate of twelve (12%) percent per annum until paid. The Association shall also be entitled to collect a late charge in such amounts and upon such conditions as the Board of Directors may from time to time determine. Each Lot Owner (whether one or more) shall be and remain personally liable for the payment of all assessments which may be levied against such Lot Owner's lot or lots by the Association in accordance with the terms and provisions of these Protective Covenants until the same shall be paid in full, principal, interest and late charges. In the event of sale or conveyance of a lot the purchaser thereof shall be required and entitled to cause such delinquent assessments to be paid out of the sales price and, failing this, such purchaser shall become personally liable for payment of such delinquent assessments by such purchaser's acceptance of a deed from a Lot Owner in default.

19.13 The Association may enforce collection of delinquent assessments by suit at law for a money judgment and may seek the appointment of a receiver and/or judicial foreclosure of the Assessment Lien to be reserved and transferred to the Association. Failure to seek judicial foreclosure of such Assessment Lien in any suit at law for a money judgment shall not operate to waive such Assessment Lien, but the same shall remain in full force and effect to secure the payment of all assessments due or to become due by a Lot Owner. In the event of any judicial foreclosure of the Assessment Lien, the statutory redemption period, if applicable, shall be one month in lieu of nine months.

19.14 Except as otherwise expressly provided herein, all assessments and funds collected by the Association may be commingled in a single fund, and without the necessity of a specific accounting for each element of Common Expense or Special Expense for which such assessments or collection have been made.

19.15 The assessments against all Lot Owners shall be set forth upon an Assessment Roll which shall be available in the office of the Association for inspection at all reasonable times by all Lot Owners and holders of Mortgages or their duly authorized representatives. Such

Assessment Roll shall indicate the name and address of the Lot Owner or Lot Owners, the assessments for all purposes and the amounts of all assessments paid and unpaid. A certificate signed by an officer of the Association as to the status of an assessment account shall limit the liability of any person for whom made other than the Lot Owner. The Association shall issue such certificates to such persons as a Lot Owner may request in writing and shall be entitled to charge a reasonable fee therefore in such amount as shall be determined by the Board of Directors from time to time.

20. FUTURE VARIANCES ON CERTAIN LOTS. None

21. DURATION OF COVENANTS.

These Protective Covenants and Reservations are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty (30) years from the date these Covenants are recorded; after which time said Covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Lot Owners has been recorded, agreeing to terminate said Covenants.

22. ENFORCEMENT.

Enforcement to restrain violation of these Covenants or to recover damages shall be by proceedings at law in a court of competent jurisdiction or in equity against any person or persons violating or attempting to violate any covenant herein, and may be brought by the Association, the Committee and any Lot Owner having any interest therein, whether acting jointly or severally. The Association and the Committee shall not be obligated to enforce any Covenant through legal proceedings.

23. SEVERABILITY.

Invalidation of any one of these Covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

24. AMENDMENTS AND EXCEPTIONS.

24.1 So long as the Developer controls the Committee, Developer shall have the authority to unilaterally change, amend or modify these Covenants; provided such change, modification or amendment does not materially change the character or quality of the lots subject to these Covenants and does not materially increase the number of lots within the described area. In addition, amendments and/or exceptions to these Covenants may be made upon written approval of eighty percent (80%) of the owners of lots in said subdivision, with each Lot Owner being entitled to one (1) vote.

24.2 Developer hereby reserves and is granted the right and power to record an amendment to these Protective Covenants at any time and from time to time, to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities to make, purchase, sell, insure or guarantee first mortgages on any lot covered by these Covenants

24.3 In furtherance of the Developer's authority to unilaterally amend these Covenants, the Developer hereby reserves and each Lot Owner shall be deemed to grant to Developer a power coupled with an interest, to amend these Covenants as herein provided on behalf of each Lot Owner. Each deed, mortgage, trust deed, or other evidence of obligation, or other instrument affecting a lot and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of the power of Developer to make, execute and record amendments to these Covenants. No amendments to these Covenants made by Developer, shall affect or impair the lien of any first mortgage in order to induce any of the above agencies or entities to make, purchase, insure or guarantee the first mortgage on such owner's lot.

25. EFFECTIVE DATE.

These Protective Covenants, and any amendments or exceptions thereto, shall be effective as of the date of their filing with the County Clerk of Sandoval County, New Mexico.

DATED at Albuquerque, New Mexico, this 6 day of May 2003.

SIERRA NORTE, LLC
a New Mexico limited liability company

By: _____
Fred M. Montaño
Managing Member

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

This instrument was acknowledged before me on this 6th day of May, 2003, by Fred M. Montaño, Managing Member of Sierra Norte, LLC, a New Mexico limited liability company.

My Commission Expires:
2-7-04

_____
Notary Public

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Exhibit "A"

All of SIERRA NORTE , Section 9, Township 12 North, Range 3 East, New Mexico Principal Meridian, Town of Alameda Grant, Sandoval County , New Mexico, as shown on the plat thereof entitled "Subdivision and Vacation Plat of a Portion of Unit 12, Rio Rancho Estates, Sierra Norte, Section 9, Township 12 North, Range 3 East, NMPM, Town of Alameda Grant, Sandoval County, New Mexico, December, 2002" recorded January 27, 2003, in Volume 3, Folio 225lA, as Document Number 2677

STATE OF NEW MEXICO)
COUNTY OF SANDOVAL) SS
This instrument was filed for record on
2:17 AM PM
MAY 13 2003
Recorded in Vol 406 of said county folio 74936-74948
Clk & Recorder
By: _____ Deputy

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FIRST AMENDMENT
TO DECLARATION OF PROTECTIVE COVENANTS
IMPOSED UPON SIERRA NORTE

The undersigned, SIERRA NORTE, LLC, a New Mexico limited liability company (the "Developer") hereby amends the "Declaration of Protective Covenants Imposed Upon Sierra Norte Unit I," filed May 13, 2003 in Vol 406, Folio 74936-7498, records of Sandoval County, New Mexico (the "Declaration"), as follows:

Recitals

A. The Declaration imposes certain limitations and restrictions on the lots located within Sierra Norte, Unit 1, as shown and designated on the plat recorded January 27, 2003, in Volume 3, Folio 2251A as document Number 2677, records of Sandoval County, New Mexico ("Unit 1").

B. Pursuant to the provisions of the Declaration, the Developer has organized the Sierra Norte Homeowners Association, Inc., a New Mexico non-profit corporation (the "HOA"), which has certain enforcement rights under the Declaration, as amended hereby, with respect to Sierra Norte Unit 1. The Articles of Incorporation and Bylaws of the HOA contemplate that the Declaration will be amended so as to be applicable to Sierra Norte Unit 2 at such time as Unit 2 is created.

C. Sierra Norte Unit 2 was created by the recording of the plat thereof on August 20, 2004, in Book 407, page 26454, records of Sandoval County, New Mexico.

D. The Developer desires to amend the Declaration to delete Paragraph 16, and to make the Declaration applicable to Sierra Norte Unit 2.

E. As of the date hereof, the Developer controls the Architectural Control Committee created pursuant to the Declaration, and pursuant to Paragraph 24.1, 24.2 and 24.3 of the Declaration, has the right and power to amend the Declaration.

NOW, THEREFORE, THE DEVELOPER DECLARES:

1. From and after the Effective Date (hereinafter defined) the limitations and restrictions contained in the Declaration shall also be applicable to Sierra Norte Unit 2, as more particularly described in Exhibit A-1, attached hereto and made a part hereof.

2. Paragraph 16 of the Declaration is hereby deleted.

3. All other terms and provisions of the Declaration, except as amended hereby, shall otherwise remain in full force and effect.

4. This Amendment shall be effective as of the date of the recording hereof in the Office of the County Clerk of Sandoval County, New Mexico.

EXECUTED at Albuquerque, New Mexico this 13th day of September, 2004.

SIERRA NORTE, LLC
a New Mexico limited liability company

By _____
Fred M. Montaño
Managing Member

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

This instrument was acknowledged before me on this 13th day of October, 2003, by Fred M. Montaño, Managing Member of Sierra Norte, LLC, a New Mexico limited liability company.

My Commission Expires:
10/13/2006

_____
Notary Public

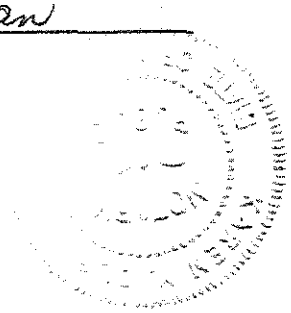

EXHIBIT A-1
TO
FIRST AMENDMENT
TO DECLARATION OF PROTECTIVE COVENANTS
IMPOSED UPON SIERRA NORTE

Legal Description of Sierra Norte 2

Lots 1-37, inclusive in Block 1; Lots 1-21, inclusive in Block 2; Lots 1-6, inclusive in Block 3; Lots 1-19, inclusive in Block 4; Lots 1-57, inclusive in Block 5; Lots 1-62, inclusive in Block 6; Lots 1-39, inclusive in Block 7; Lots 1-16, inclusive in Block 8; and Lots 1-8, inclusive in Block 9; and Parcels A and B; and Tract A; in Sierra Norte 2, a Subdivision in the City of Rio Rancho, New Mexico, as the same are shown and designated on the plat of said Subdivision filed in the Office of the County Clerk of Sandoval County, New Mexico on August 20, 2004, in Book 407, page 26454.