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RESTRICTIONS
OF
PARADISE BLUFF

**A Declaration of Restrictions, Covenant and Conditions for the Creation and
Maintenance of a Planned Residential Development**

**STATE OF NEW MEXICO
COUNTY OF BERNALILLO**

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s/ D. Hernandez

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PARADISE BLUFF SUBDIVISION RESTRICTIONS

A Declaration of Restrictions, Covenants and Conditions for the Creation and Maintenance of Planned Residential Development

THIS DECLARATION is made as of November 30 1996, by PARADISE BLUFF LLC, a New Mexico Limited Liability Company with respect to that certain real property situate in Bernalillo County, New Mexico and more particularly described as follows:

Lots 1 through 141, inclusive, and Parcels B, C, and D Paradise Bluff Unit 1, as the same are shown and designated on the Final Plat of Lots 1 through 141 and Parcels A through D, recorded in the Bernalillo County, New Mexico real estate records on 1-27-97, in Vol. 97C, Folio 28, as Document No. 97-97008044.

It is hereby declared that all of the described real property is subject to this Declaration which is for the purpose of creating and maintaining a planned residential development on the described real property and for the improvement and protection of the value, desirability and attractiveness of the described real property.

It is the purpose of this Declaration to create a planned subdivision originally consisting of one hundred forty-one (141) lots for single family dwellings with the potential for the annexation of additional lots. Each dwelling shall be located on an individually owned lot on public streets, with portions of certain lots subject to easements for the benefit of the community, and with portions of the property or the subsequently annexed property being owned by the Association of Lot Owners for the benefit of the Lot Owners.

This Declaration shall run with the described real property and shall be binding upon and inure to the benefit of Grantor, the Association, each Owner of the described real property or any part of it, and each successor in interest of Grantor, the Association, and any such Owner.

ARTICLE I
Definitions

Unless the context otherwise specifies or requires, the terms defined in this Article I shall have the meanings as defined in this Article for the purposes of these Restrictions.

Section 1.01: Architectural Control Committee

The terms "Architectural Control Committee" or "Committee" shall mean the architectural control committee created pursuant to Article 8.

Section 1.02: Association

The term "Association" shall mean Paradise Bluff Homeowners' Association, Inc., a New Mexico nonprofit corporation described in the Article entitled "Organization, Powers and Duties of the Association," and any predecessor or successor unincorporated association.

Section 1.03: Board

The term "Board" shall mean the Board of Directors of the Association and the governing body of any predecessor or successor unincorporated association.

Section 1.04: Common Area

The term "Common Area" shall mean portions of the Subdivision which have been or will be conveyed to the Association in fee for the benefit of the Lot Owners.

Section 1.05: Easement Area

The term "Easement Area" shall mean certain interests in real property including Improvements where the beneficial interest thereof is owned or controlled by the Association or owned by the public or the Lot Owners but maintained by the Association for the common use and enjoyment of the Association members. The Easement Areas within the original property to be maintained by the Association shall be the exterior of all perimeter property line walls, and those which abut any public street within the subdivision, (ii) the landscaping within the Open Space lots B, C, and D shown on the Plat, and (iii) landscaping within any medians in internal subdivision streets.

Section 1.06: Eligible Mortgagee

The term "Eligible Mortgagee" means any holder of a first mortgage lien against any Lot provided that such mortgagee has given the Association written notice of its mortgage setting forth its name and address and identifying the Lot, by legal description and address, which is subject to such first mortgage.

Section 1.07: Fiscal Year

The term "Fiscal Year" shall be the calendar year; but, a different Fiscal Year may be adopted by the Association by by-law or Board Resolution.

Section 1.08: Grantor

The term "Grantor" shall mean Paradise Bluff LLC, a New Mexico limited liability company, its successors and assigns, who are assigned, in writing, all or part of the Grantor's powers and responsibilities for all or a specific area or portion of the Subdivision and who accept such powers and responsibilities in writing. All such assignments and agreements to accept the obligations of Grantor shall be recorded, filed with the Board and placed with the records of the Association. Each person or entity named as Grantor in an assignment may exercise the rights of Grantor provided by these Restrictions for the area assigned, but no general power, such as the power to annex, shall be partially assigned, except for an assignment of all rights under this Declaration.

Section 1.09: Improvements

The term "Improvements" shall include, without limitation, buildings, out-buildings, (including sheds and storage buildings), roads, driveways, parking areas, fences, retaining walls, privacy walls or fences, subdivision exterior walls or fences, stairs, decks, windbreaks, poles, antennas, signs, utility or communication installations (whether above or underground), an any structure and excavation of any type or kind.

Section 1.10: Lot

The term "Lot" shall mean each of the one hundred forty-one (141) lots designated 1 through 141 on the Plat together with the Improvements located on each such Lots, and any lots subsequently annexed into the Association.

Section 1.11: Mortgage

The term "Mortgage" shall mean a deed of trust, as well as a mortgage, and the term "Mortgagee" shall mean a beneficiary under or a holder of a deed of trust, as well as a Mortgagee.

Section 1.12: Owner

The term "Owner" shall mean the persons or entities, including Grantor, holding the beneficial ownership of the fee of a Lot, including the purchaser under a real estate contract, and shall not include persons holding only a security interest or a seller under a real estate contract. For the purposes of the Article entitled, "Permitted and Prohibited Uses of Property," unless the context otherwise requires, "Owner" shall include the family, invitees, licensees and tenants of any Owner.

Section 1.13: Plat

The term "Plat" shall mean the Plat of Lots 1 through 141 Paradise Bluff Unit 1, as recorded in the Bernalillo County, New Mexico real estate records on January 27, 1997, Folio 28, Vol. 97C, Document number 9700804.

Section 1.14: Subdivision

The term "Subdivision" shall mean the Planned Residential Development subdivision created by and subject to this Declaration, including the internal streets serving the Lots, together with any property subsequently annexed and subjected to these Restrictions.

Section 1.15: Subdivision Restrictions

The term "Subdivision Restrictions" shall mean, with respect to all property within the Subdivision, the limitations, easements, restrictions, covenants, and conditions set forth in this Declaration, as this Declaration may from time to time be amended. The term "This Declaration" and the title to this Declaration shall have the same meaning as "Subdivision Restrictions".

ARTICLE 2**Property Subject To Subdivision Restrictions****Section 2.01: Initial Development**

All of the Lots, referred to herein as the "Initial Development".

Section 2.02: Subsequent Development

Grantor may, pursuant to the following provisions of this section, from time to time and in its sole discretion and without necessity of any approvals, annex all, or any portions of adjacent properties which Grantor may acquire. The annexation of any such property shall become effective when Grantor shall have recorded the following:

- a. A declaration, which may consist of more than one document and which shall, among other things, (i) describe the real property which is to be annexed, (ii) set forth or refer to such additional or other limitations, restrictions, covenants and conditions, applicable to such property, (iii) describe any areas to be included within the Common Areas or Easement Area, and (iv) declare that such property is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the Restrictions of Paradise Bluff, and
- b. A subdivision plat with respect to the real property described in said declaration.

Upon annexation becoming effective, the property covered by annexation shall become and constitute part of Paradise Bluff Homeowners' Association and the Association shall have and shall accept and exercise jurisdiction over such property as a part of the Paradise Bluff Community.

The annexation declaration, with respect to all or any part of the property described by it, shall provide for any or all of the following which shall become part of these Restrictions as applicable to such property:

- (1) Such new land classifications not then provided restrictions, covenants and conditions with respect to the use as Grantor deems appropriate for the development of such property; and
- (2) With respect to the land classification provided for by these Restrictions, such additional or different limitations, restrictions, covenants and conditions with respect to use as Grantor deems appropriate for the development of such property; provided, however, that such additional or different limitations, restrictions, covenants and conditions applicable to Common Area lying within such annexed property shall not discriminate between owners.

Article 3
Permitted and Prohibited Uses of Property

Section: 3.01: Permitted Uses of Property Within the Subdivision

a. Improvements and development within the Initial Development shall be limited to residential single family dwellings, associated parking, garages, roads and access ways, landscaped areas, and all public or private service and utility facilities related to such uses, including, but not limited to, draining, sewer, gas, water, electric and communication facilities. No dwelling shall be used as a boarding house or divided into apartments or rooms for rental purposes. This subsection does not prevent the rental or lease of the whole dwelling by the Owner thereof, but any such rental or lease must be by a written agreement which requires the tenant to observe these Restrictions. No dwelling may be leased or rented for a period of less than thirty (30) days.

b. Grantor shall, so long as Grantor is the owner of any Lot, have all the rights of use set out in the Article entitled, "Limitation of Subdivision Restrictions on Grantor."

Section 3.02: Prohibited Uses of Subdivision

a. In no event shall any Lot be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, or be used in any other way inconsistent with the Subdivision Restrictions.

b. No illegal, noxious or offensive activity shall be carried on within the Subdivision. No light shall be emitted from any Lot which is unreasonably bright to cause unreasonable glare to residences. No sound shall be emitted on or from any Lot which is unreasonably loud or annoying. No odor shall be emitted from any Lot which is noxious or offensive to others. Nothing shall be done or placed which may be or become a nuisance, or cause unreasonable embarrassment, disturbance, or annoyance to Owners in the enjoyment of their dwellings.

c. No signs whatsoever, including, but without limitation, commercial or similar signs, visible from other Lots, shall be erected or maintained upon any Lot, except:

1. Such signs as may be required by legal proceedings or are useful for such proceedings.

2. During the time of construction of any structure or other Improvement, job identification signs having a maximum face area of twelve (12) square feet per sign and of the type usually employed by contractors, subcontractors, and tradesmen.

3. Appropriate safety, directional, and identification and safety signs installed by Grantor, the Association, or required by law.

4. Customary "for sale" or "for rent" signs.

5. Such residential or commercial identification signs as Grantor has the right to maintain, or as are specifically approved by the Board in accordance with the rules adopted by the Board.

d. Except as provided otherwise by this Section, no mobile home, motor home, recreational vehicle, motorcycles, campers, trailers, boat, or similar facility, structure or recreational equipment shall be kept, placed or maintained within the Subdivision at any time, unless enclosed within a garage or within the side or rear yard so as to, at the discretion of the Architectural Control Committee be screened from any street,

or the ground floor of neighboring homes. Unless enclosed within a garage, all outside storage of said vehicles, equipment or facilities must be specifically approved by the Architectural Control Committee. The provisions of this subsection shall not apply to (i) temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any work or improvement permitted by this Declaration, (ii) a recreational vehicle parked in the driveway or the street for a period not to exceed 24 hours, and (iii) a guest's use of a recreational vehicle for a period not to exceed one week per thirty (30) days.

e. Any outside clothes lines or other outside clothes drying or airing facilities shall be maintained exclusively within a fenced yard in such a way as not to be visible from streets and the ground floor of neighboring dwellings.

f. No garbage, clippings from trees, shrubs or lawns, trash, ashes or other refuse may be thrown, dumped or allowed to accumulate on any land within the Subdivision. There shall be no burning of refuse out of doors, except for the burning of natural materials in connection with land clearance or fire control. No incinerators or other device for the burning of refuse indoors shall be constructed, installed or used by any person except in conformity with law and approved by the Board.

g. No animals, livestock, horses, insects or poultry of any kind shall be kept, raised, or bred in the Subdivision. Dogs, cats and other household pets in reasonable numbers may be kept, providing they are not kept, raised or bred for commercial or hobby breeding purposes. Such household pets, except cats, must be restrained on a lease or otherwise under the direct control of an individual when in the Subdivision.

h. All exterior spot or directional lighting of any sort, the light source of which is visible from neighboring Lots, shall be approved, in writing, by the Architectural Control Committee prior to installation.

i. No exterior antenna, or satellite dishes, of any sort shall be installed or maintained on any Lot or within the Subdivision, except those devices which are erected, installed, placed or maintained and used entirely under the eaves or enclosed within a building or structure or are not visible from the ground level of other Lots. This provision shall remain enforceable even if enforcement action is not commenced within the time limitations otherwise provided by the Subdivision Restrictions.

j. No vehicles of any type shall be permanently or semipermanently parked in any portion of the Subdivision visible from other Lots for purposes of repairs or reconstruction, or storage. A vehicle shall be deemed parked for storage if it is not driven out of the Subdivision for thirty (30) consecutive days.

k. No trucks or other commercial vehicles shall be kept or maintained in the Subdivision, except within garages, and except where customary or required for the limited purposes of building, repairing, refinishing, or maintaining the Subdivision or a dwelling, or for the purpose of moving household goods or other necessary or customary furnishings, equipment or supplies in or out of the Subdivision.

l. Except temporarily during a construction period, all utility lines, including, but not limited to, electrical, gas, telephone, cable television, and other communications systems shall be underground, except for access ports and aboveground transformers.

m. No portion of the Subdivision shall be used for any purpose or in any manner which would increase the rate at which insurance against loss or damage by fire and the perils covered by extended coverage, bodily injury, property damage liability insurance, covering any other dwelling may be obtained, or cause any other dwelling to be uninsurable or have such insurance canceled or suspended.

Section 3.03: Common Area/Easement Area

The Common Area and the beneficial interest in the Easement Areas shall be reserved by the Association for the benefit of all Owners pursuant to this Declaration to enhance the value and desirability of the Subdivision for watering, planting, cutting, removing and otherwise caring for the landscaping and for installing, maintaining and repairing signs identifying the Subdivision and utility lines necessary for the maintenance of the Landscaping. The exterior of all perimeter Lot walls and Lot walls abutting public streets within the subdivision are Easement areas. The Association shall have the right and the obligation to maintain the appearance of the exterior of these walls. The Lot Owners shall be obligated to maintain the structural integrity of these walls.

Section 3.04: Encroachment Easements

Should minor variations between lot lines as shown on the Plat and actual physical lot boundaries (such as walls, including interior party walls, and fences) occur, either due to original construction, reconstruction, repair or due to the settling, shifting or movement of structures, a valid easement shall exist for the encroaching Improvements for so long as the encroachment exists.

ARTICLE 4**Membership in the Association Voting Rights****Section 4.01: Membership**

a. Each Owner, by virtue of being an Owner and during such time as such Owner remains an Owner, shall be a member of the Association, or, a member of the unincorporated association preceding the Association or succeeding to the Association.

b. The rights, duties, privileges, and obligations of an Owner as a member of the Association or its preceding or succeeding unincorporated association shall be those set forth in, and shall be exercised and imposed in accordance with the provisions of this Declaration and the Association's Articles of Incorporation and by-laws.

Section 4.02: Class of Membership

The Association shall have one (1) class of membership. The Owner of each Lot shall be entitled to one vote for each Lot owned.

Section 4.03: Voting Rights

Each Owner shall be entitled to vote as provided in this Article on all matters properly submitted for vote to the membership of the Association. Every Owner entitled to vote at any election of members of the Board may cumulate his votes and give any one or more candidates a number of votes equal to the number of votes to which the Owner is entitled, multiplied by the number of Directors to be elected. The right to vote may not be severed or separated from any Lot, and any sale, transfer or conveyance of the beneficial interest of the fee of any Lot to a new Owner shall operate to transfer the appurtenant voting rights without the requirement of any express reference thereto. Voting may be by written proxy.

Section 4.04: Voting Rules

When any provision of the Subdivision Restrictions call for the vote or the consent of the members in any stated percentage, the following rules apply, unless the specific language of the provision provides to the contrary (a) whenever a vote of the members is required, it is sufficient to obtain the written consent of the same percentage of members; (b) the percentage requirement shall be a percentage of the total voting power of the Association and not a percentage of the number of members of the Association; and (c) in any election held pursuant to the requirements of this Declaration, ballots may be transmitted to Owners in the manner provided for the giving of notice.

ARTICLE 5

Organization, Powers and Duties of the AssociationSection 5.01: Organization

a. The Association shall be organized as a non-profit corporation charged with the duties and empowered with the rights set forth herein. The Association's affairs shall be governed by this Declaration, the Articles of Incorporation and the By-laws.

b. In the event that the Association, as a corporate entity, is not formed or after formation loses its corporate powers or is dissolved, a non-profit, unincorporated association shall forthwith and without further action or notice, be formed and shall succeed to all the rights and obligations of the Association hereunder until a qualified non-profit corporation is formed. Said unincorporated association's affairs shall be governed by the laws of the State of New Mexico, and to the extent non inconsistent therewith, by this Declaration, the Articles of Incorporation and the By-laws, respectively, as if they were created for the purpose of governing the affairs of an unincorporated association.

c. The President and Secretary of the Association, or any three (3) members of the Board of Directors, may execute, seal, acknowledge and record a certificate of identity stating the names of all the members of the then current Board and the then current Planning Committee, if any. The most recently recorded affidavit shall be conclusive evidence of the identity of the persons then composing the Board and Planning Committee in favor of any person relying thereon in good faith.

d. The Board shall be elected at an annual or special meeting not later than one (1) year after the closing of the sale of the first Lot.

e. The affairs of the Association shall be managed by the Board of Directors which shall exercise all of the rights and powers and perform all of the duties and responsibilities set out in this Declaration for the Association.

Section 5.02: Powers and Authority of the Association

The Association shall have all of the powers set forth in its Articles of Incorporation, together with its general powers as a non-profit corporation, subject only to the limitations upon the exercise of such powers as are expressly set forth in its Articles of Incorporation, its By-laws and in this Declaration, to do any and all lawful things which may be authorized, required, or permitted to be done by the Association under and by virtue of the Subdivision Restrictions and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association or for the peace, health, comfort, safety, and general welfare of Owners.

a. Any of the following actions by the Board shall require a majority vote or written assent of the members:

1. Entering into a contract for the furnishings of goods or services for Common Area and/or Easement Area or the Association for a term longer than three (3) years with the exception of prepaid casualty or liability policies of not to exceed three (3) years duration provided that the policy permits short rate cancellation by the insured; and

2. Paying compensation to members of the Board or officers for services performed in the conduct of the Association's business provided that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

b. In fulfilling any of its obligations or duties under the Subdivision Restrictions, including, without limitation, its obligations or duties for the maintenance, repair, operation, or administration of the Common Areas and/or Easement Areas, the Association shall have the power and authority:

1. To contract and pay for, or otherwise provide for, the improvement, maintenance, restoration, and repair of the Common Area and/or Easement Area and all Improvements located thereon;

2. To obtain, maintain, and pay for such insurance policies or bonds, whether or not required by this Declaration, as the Association shall deem to be appropriate for the protection or benefit of the Subdivision, the Association, the members of the Board, and the Owners.

3. To incur indebtedness; but any indebtedness in excess of the Association's estimate of its estimated gross revenue for the year incurred or any indebtedness to be repaid over a period longer than one (1) year must be approved by a two-thirds (2/3) vote of the Members.

4. To contract and pay for, or otherwise provide for, such utility services, including, but without limitation, water and electrical services, as may from time to time be required.

5. To contract and pay for, or otherwise provide for, the services of architects, engineers, attorneys, bookkeepers and certified public accountants, and such other professional and nonprofessional services as the Association deems necessary;

6. To contract and pay for, or otherwise provide for, such materials, supplies, furniture, equipment, and labor as and to the extent the Association deems necessary;

7. To pay and to discharge any and all liens from time to time placed or imposed upon any Common Area, or on account of any work done or performed by the Association in the fulfillment of any of its obligations and duties of maintenance, repair, operation, or administration;

8. To lease or contract for the use of land and Improvements for recreation or other purposes to the extent the Association deems necessary, and

9. To place and maintain upon Common Area and/or Easement Areas such signs as the Association may deem necessary for the identification of the Subdivision and/or roads, the regulation of traffic, including parking, for the health, welfare and safety of owners and other persons.

c. In fulfilling any of its obligations or in exercising any of its rights with respect to the development, construction, installation or acquisition of a capital improvement, the Association shall have the power and authority:

1. To contract and pay for such Improvements upon such terms and conditions as the Association shall deem appropriate;

2. To obtain, maintain, and pay for such insurance policies or bonds as the Association may deem appropriate for the protection and benefit of the Association, the members of the Board, and Owners, including, but without limitation, builder's risk insurance, additional comprehensive liability insurance, workman's compensation insurance, and performance and fidelity bonds;

3. To incur indebtedness under terms and conditions as provided by this Article; and

4. To contract and pay for the services of architects, engineers, attorneys, and certified public accountants, and other professional and non-professional services.

d. With respect to the Common Area/Easement Area, the Association shall exercise control over the Common Area/Easement Area, but only for the purpose of carrying out the purposes of these Restrictions. The Association shall have no authority to mortgage, sell or convey the Common Area/Easement Area or any part thereof, unless approved by the two-thirds (2/3) vote of the Members and approval of the Grantor so long as Grantor owns any property within the Paradise Bluff Subdivision, except that the Association shall have the power and authority from time to time without a vote of the members to grant and convey easements or rights of way, in, on, over, or under any Common Area/Easement Area, for the purpose of constructing, erecting, operating and maintaining thereon, therein, and thereunder wires, conduits and other equipment for the transmission of electricity and signals for lighting, heating, power, communication, cable television and other purposes, and for the necessary attachments in connection therewith;

and public and private sewers, storm water ponding areas, storm water drains, storm water ponding areas, land drains and pipes, water systems, sprinkling systems; water, heating and gas lines or pipes and any and all equipment in connection with the foregoing and the right to grand pedestrian easements over the Common Area for the benefit of the owners of adjoining properties.

e. The Association may, from time to time and upon such terms and conditions as it may deem appropriate, agree with the Governing Body of any other subdivision to jointly manage the affairs of the Subdivision, to jointly hire a manager, or jointly to engage in other activities not inconsistent with the Subdivision Restrictions.

f. The Association shall have the right from time to time to pay, compromise, or contest any and all taxes and assessments levied against all or any part of the Common Area/Easement Area any income of or assessed to the Association, and upon any personal property belonging to or assessed to the Association.

g. The Association shall have the power and authority from time to time, in its own name, on its own behalf, and on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Subdivision Restrictions and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration.

h. The Association shall have the power, but not the duty, to enter upon and maintain, or provide for the maintenance of, any Lot or Improvements which is not maintained by the Owner thereof in accordance with the requirements of these Restrictions at the expense of any such Owner.

Section 5.03: Liability of Members of the Board

No member of the Board shall be personally liable to any Owner, or to any other person, including Grantor, for any error or omission of the Association, its representatives and employees, or the manager; provided, however, that such member has, with the actual knowledge possessed by him, acted in good faith.

Section 5.04: Duties and Obligations of the Association

a. The Association shall have the obligation and duty, subject to the Subdivision Restrictions, to do and perform each and everything set out in this Section, for the benefit of the Owners and for the maintenance and improvement of the Subdivision.

b. The Association shall accept all Owners as members of the Association.

c. The Association shall accept from Grantor the Common Areas and maintenance responsibilities in all Easement Areas which shall be deemed transferred to it upon Recording of these Restrictions, subject to the reservations of all easements, licenses and rights to use and the rights of Grantor.

d. The Association shall maintain, or provide for the maintenance of, the Common Areas, the Easement Areas and all Improvements thereon.

e. The Association shall maintain or provide for the maintenance of all landscaping and vegetation (including without limitation, grass, mass plantings, shrubs and trees) on Easement Areas and shall keep such vegetation properly trimmed, mowed, cut, watered, fertilized, planted and replaced so that it provides an attractive appearance.

f. The Association shall remove all graffiti from the exterior walls constituting Easement Areas.

g. The Association may employ the services of a corporate or individual manager to manage the affairs of the Association, and upon such conditions as are otherwise advisable by the Association, the Association may delegate to the manager any of its powers under the Subdivision Restrictions. No management agreement entered into between the Association and any professional management company

(whether or not such professional management company is owned or controlled by the Grantor) shall provide for a term in excess of two (2) years and all such agreements shall permit the Association to terminate for cause upon not more than thirty (30) days prior written notice and all such agreements shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

h. The Association shall obtain and maintain in force the following policies of insurance to the extent policies with the required provisions are economically available:

1. **Fidelity Bond:** The Association shall procure and maintain a fidelity bond naming the Association as obligee in an amount equal to the estimated maximum amount of funds to be in the custody or control of the Association or its professional management company, including reserves for replacement and working capital, at any given time during the term of such bond, but in any event in an amount at least equal to three (3) months' aggregate monthly assessments on all Lots plus the sum of all reserve funds. Such fidelity bond shall cover all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association, including the officers, directors, employees and agents of the professional management company employed by the Association pursuant to these Restrictions. Provided, however, that the fidelity bond to be procured by the Association need not cover the professional management company and its officers, directors, employees and agents, if such professional management company provides a sufficient fidelity bond naming the Association as an additional obligee or loss payee. Such bond shall contain a waiver of any defense or exclusion based upon the exclusion of persons serving without compensation from the definition of "employees" or other similar terms or expressions. Such bond shall require at least ten (10) days' prior written notice to the Association of cancellation or substantial modification (including cancellation for non-payment of premiums). The cost of such fidelity bond (except for premiums on any fidelity bond provided by the professional management company which the Board determines to be satisfactory and in compliance with the provisions of this Section) shall constitute a common expense of the Subdivision.

2. **Liability Insurance:** The Association shall procure and maintain comprehensive public liability insurance in the amount of at least one million dollars (\$1,000,000) per single occurrence for bodily injury, death and property damage suffered by the public or any Owner and his family, guests, agents, employees or invitees occurring in, on or about the Common Areas/Easement Areas. Such policy shall insure the Owners and the Association and its officers, directors, employees and agents, including expressly the professional management company and its officers, directors, employees and agents and shall further expressly cover legal liability arising from lawsuits related to employment contracts of every nature to which the Association is a party. Such policy shall be issued by insurers of recognized responsibility authorized to do business within the State of New Mexico and shall require at least ten (10) days' prior written notice of cancellation or substantial modification (including cancellation for nonpayment of premiums) to the Association and to any Mortgagee having a first lien against any Lot which is listed as a scheduled holder of such a first mortgage in the policy. The cost of such policy shall constitute a common expense of the Subdivision. Such insurance must not provide for contribution with regard to any policies of liability insurance carried individually by any Owner.

3. **Additional Insurance:** The Board shall have the authority to obtain such other insurance, including the authority to increase the scope or amount of any insurance required by this Article 5, as the Board shall determine to be necessary or advisable. The cost of any such additional insurance shall constitute a common expense of the Subdivision.

i. The Association shall prepare an annual operating statement reflecting the money received by the Association and the expenditures of the Association for each fiscal year and distribute such statement to each member and each Eligible Mortgagee upon request.

j. The Association shall take such action, whether or not expressly authorized by the Subdivision Restrictions, as may reasonably be necessary to enforce or carry out the purposes of the Subdivision Restrictions and the Subdivision Rules.

ARTICLE 6
Funds, Assessments and Delinquency

Section 6.01: Creation of Lien and Personal Obligation for Assessments

Grantor for each Lot owned by it hereby agrees to pay, and each Owner of any Lot by the acceptance of a deed or contract of sale therefore, whether or not so expressed in any such deed or contract or other conveyance, is deemed to agree to pay the Association:

- a. Maintenance assessments;
- b. Delinquency assessments;
- c. Assessments for capital improvements; and
- d. All other fees or other moneys due to the Association from such Owner.

The maintenance assessment, delinquency assessment and assessment for capital improvements, plus interest, late charges, costs and attorney's fees, shall be a charge against the Lot and shall be a continuing lien upon the Lot against which each such assessment is made, and shall also be the personal obligation of the Owner or Owners of such property on the assessment date. The personal obligation to pay assessments shall not pass to successors in title unless expressly assumed by them.

Section 6.02: Operating Fund

There shall be an operating fund, into which the Association shall deposit all moneys paid to it and from which the Association shall make disbursements in performing the functions for which the foregoing assessments are levied.

Section 6.03: Maintenance Assessment

a. Within thirty (30) days prior to the commencement of each fiscal year the Association shall estimate the costs and expenses to be incurred by the Association during such year, including a reasonable provision for contingencies, and reserves for major repair and replacement, and shall subtract from such estimate an amount equal to the anticipated balance, exclusive of any reserves for contingencies and reserves for major repair and replacement, in the operating fund at the start of such year. The sum or net estimate so determined shall be assessed to all Owners in shares: one (1) share for each Lot owned.

b. If, at any time and from time to time, during any fiscal year, the maintenance assessment proves or appears likely to prove inadequate for any reason, including non-payment of any Owner's share thereof, the Association may levy a further maintenance assessment in the amount of such actual or estimated inadequacy, which shall be assessed to all Owners apportioned as provided in subsection a, if approved by a two-thirds (2/3) vote of the members and approved by the Grantor so long as the Grantor owns any property within the Paradise Bluff Properties.

c. Maintenance assessments shall be due and payable to the Association when levied or in such installments during the year, and on such due dates as the Board shall designate.

d. The Board shall not levy assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year and which are not part of such budgeted gross expenses without the vote or written consent of the Members.

e. From and after the December 31st immediately following the conveyance of the first Lot by Grantor, the maximum maintenance assessment may be increased each year not more than ten percent (10%) from the previous year without a vote of two-thirds (2/3) of the Members and approval of the Grantor so long as the Grantor owns any property within the Paradise Bluff Properties. The percent of increase shall be cumulative from year to year so that an increase not used in one year may be used in a subsequent year without a vote of the members.

Section 6.04: Delinquency Assessment

The Association shall levy a delinquency assessment against any Owner or Owners as a result of whose acts, or failure or refusal to act, or otherwise comply with the Subdivision Restrictions, moneys were expended from the operating fund by the Association. Such assessment shall be in the amount so expended, and shall be due and payable to the Association when levied, or in such installments as the Association shall designate. Prior to the levy of a delinquency assessment the Board shall hold a hearing to determine the validity and amount of the assessment upon at least thirty (30) days notice to the Owner to be assessed at which hearing such Owner shall be given an opportunity to be heard.

Section 6.05: Assessments for Capital Improvements and Indebtedness

The Association may also levy in any year an assessment for paying or returning, in whole or in part, the cost or proposed cost of acquisition and construction of a described capital improvement (whether the improvements constitute real or personal property) in an amount greater than can be included in the maintenance assessment, provided it has been approved by a two-thirds (2/3) vote of the members and approved by the Grantor so long as the Grantor owns any property within the Paradise Bluff Properties, which assessment shall be assessed to Owners as provided for in Section 6.03.

Section 6.06: Reserves as Trust Funds

Reserves for major repairs and replacements and for capital improvements to be built or acquired shall be kept segregated from other moneys held by the Association as trust funds in an account or accounts labeled "Reserve Trust Fund" and shall be withdrawn and used only for the purposes of major repairs and replacements or for capital improvements respectively, unless a different or other use is authorized by the vote of the members.

Section 6.07: Delinquency

Each assessment under this Article shall be the separate, distinct and personal debt and obligation of the Owner against whom it is assessed. Any assessment provided for in the Article, which is not paid when due, shall be delinquent. With respect to each assessment not paid within ten (10) days after its due date, the Association may, at its election, require the Owner to pay a sum (late charge) to be determined by the Association, to pay the costs of handling the delinquent sum. Such a charge shall be considered an additional assessment and collectible with the assessment for which it was charged. If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate set from time to time by the Association, however not greater than twenty percent (20%), and the Association may, at its option bring an action at law against the Owner or Owners personally obligated to pay the same, and upon compliance with the provisions of this Article to foreclose the lien against the Lot, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing the complain in such action, and in the event a judgment is obtained, such judgment shall include interest at the rate provided herein and a reasonable attorney's fee, together with the costs of action. Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or lien foreclosure against such Owner or other Owners for the collection of such delinquent assessments.

Section 6.08: Notice of Lien

No action shall be brought to foreclose an assessment lien less than thirty (30) days after the date of notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the office of the Bernalillo County Clerk; said notice of claim must recite a good and sufficient legal description of any such Lot, the record owner or reputed owner thereof, the amount claimed (which shall include the interest charges, costs and attorney's fees recoverable by an action at law) and the name and address of the Association.

Section 6.09: Foreclosure Sale

Any such sale provided for above is to be conducted in accordance with the customary practice of the court of the State of New Mexico, applicable to the foreclosure of Mortgages, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the Lot at a foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 6.10: Curing a Default

Upon the timely curing of any default for which a notice of claim of lien was filed by the Association, the officers of the Association are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting owner of a fee, to be determined by the Association, to cover the costs of preparing and filing or recording such release, together with the payment of such other costs, interest or fees as shall have been incurred.

Section 6.11: Cumulative Remedies

The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

Section 6.12: Certificate of Payment

The Association shall, upon demand, furnish to any Owner liable for assessments, a certificate in writing signed by an officer of the Association, setting forth whether the assessments on a specified Lot have been paid, and the amount of the delinquency, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 6.13: Commencement of Annual Assessments

The maintenance assessments provided for in this Article shall commence as to each Lot upon the sooner of (i) the first day of the month following closing the sale of the Lot by Grantor or (ii) one year after the recording of this Declaration, or the recording of an Annexation Declaration for the Lot. The first such annual assessment shall be prorated for each Lot for the period from the commencement as provided in this section to the start of the next fiscal year following such commencement.

ARTICLE 7**Duties and Responsibilities of Owners****Section 7.01: Owner's Responsibility to Repair**

Each Owner shall be responsible for the maintenance and repair of his dwelling, his Lot and his landscaping.

Section 7.02: Joint Maintenance by Owners

a. Each wall which is built as part of the original construction of the Subdivision and placed on the dividing line between Lots shall constitute a party wall. To the extent not inconsistent with the provisions of the Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omission shall apply.

b. The cost of reasonable repair, maintenance and replacement of a party wall, common structure or joint utility shall be shared by the Owners who make use of the wall in proportion to such use.

c. Notwithstanding any other provision of this Section, an Owner who, by his negligent or willful act, causes a party wall or common structure to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

d. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the Lot and shall pass to such Owner's successors in title.

e. In the event of any dispute arising under the provision of this Section, the Board shall arbitrate the dispute and its decision shall be final.

Section 7.03: Parking Areas, Vehicles

For overnight parking, each Owner shall park his vehicle in his garage, except that when there are more vehicles used by the Owner than his garage will accommodate.

Section 7.04: Maintenance of Landscaping

Each Owner shall maintain the landscaping on his lot in a neat and attractive manner. All grass, mass plantings and other plantings shall be moved, trimmed and cut as necessary at regular intervals.

Section 7.05: Observance of Subdivision Restrictions

Each Owner shall comply with the Subdivision Restrictions and will cause and be responsible for Owner's family, agents, guests, contractors, employees and any person renting or leasing Owner's dwelling to do likewise.

Section 7.06: Rights of Action

Each Owner and the Association shall have a right of action against Owners for failure to comply with the provision of this Article 7 of the Subdivision Restrictions.

ARTICLE 8**Construction and Architectural Control****Section 8.01: Architectural Control Committee**

An Architectural Control Committee for the Subdivision is hereby established consisting of the following three persons:

Peter K. Johnson
Peter B. Johnson
Stevan J. Schoen

At least one Board member shall serve on the Committee at all times. The Committee shall serve at the pleasure of the Grantor who shall have the right to appoint, reappoint and discharge members of the Committee at will, so long as the Grantor owns any property within the Paradise Bluff Subdivision. A majority of the members of the Committee may appoint one member of the Committee to act on and for the Committee.

Section 8.02: Construction Improvements

a. Before anyone shall commence on any Lot within the Subdivision the installation of construction of, remodeling of, addition to, or alteration of any Improvement (the term Improvement is defined in Section 1.9, and includes but is not limited to fencing and walls) of whatsoever nature; and before anyone shall paint, texture, repaint or retexture the exterior surfaces of any Improvement, there shall be submitted to the Committee plans and specifications as follows:

(i) Preliminary or tentative plans and specifications which shall clearly show the nature of the work or installation proposed and location thereof, on the Lot, which such preliminary or tentative plans shall include sufficient description of materials, colors, textures, etc. together with a landscaping plan as shall enable the Committee to evaluate whether the proposed construction, alteration, installation, etc. will harmonize with the motif and style of the Subdivision and be compatible with surrounding homes, and

(ii) After approval of the preliminary or tentative plans, including therein any requirements made by the Committee in the due and proper exercise of its discretion and powers, two complete sets of the final plans and specifications. All such final plans shall include plot plans showing the location on the Lot of all Improvements proposed to be constructed and/or installed, planted, placed or maintained on the Lot and shall further include elevations, together with the proposed color scheme and texture for roofs and exteriors thereof, indicating the materials for same, floor plans, electrical and mechanical plans and landscaping plans. Elevations shall include wall and gates, shall be dimensioned from finished grade and curb levels.

No Improvement of any kind, installations, painting or texturing, shall ever be, or permitted to be, erected, constructed, installed, placed or maintained on any Lot within the Subdivision, unless and until the final plans, specifications and elevations therefore shall have received written approval of the Committee.

The Committee is authorized to charge not more than \$100.00 for review of plans and specifications. Payment of the required charge shall be part of, and condition to, the submittal of plans and specifications for committee approval.

b. The Committee shall approve or disapprove within thirty days after receipt thereof plans and specifications which have been submitted to it. One set of plans and specifications, with the Committee's approval or disapproval and requirements endorsed thereon, shall be returned to the applicant and the other copy thereof, with a duplicate endorsement thereon corresponding to the first set, shall be retained in the Committee's files.

In the event that the Committee shall fail to approve or disapprove the plans, specifications and other information within thirty days after receipt thereof by the Committee, then such approval shall not be required, provided that no structure, building or other improvement shall be installed, erected, painted, textured, altered or modified which violates any of these Restrictions.

The Committee shall have the right and power to disapprove any plans, specifications or details submitted to it, if the Committee shall find that the plans and specifications are not in accord with all provisions of this Declaration, or if a design or color scheme submitted is not in harmony and accord with the Subdivision, or surrounding homes, or if the plans and specifications are incomplete.

c. If any Improvement or work is completed or done without compliance with this Article, such Improvement or work shall be deemed to have been done in compliance with this Article if no action has been commenced to enforce the provisions of this Article against such Improvement or work within one (1) year of its completion.

Section 8.03: Design Guidelines

Design Guidelines for the Initial Development:

The Committee may from time to time adopt design guidelines for approval of Improvements. The Committee may grant variances from its Design Guidelines. The initial Design Guidelines are as follows:

1. No mechanical equipment, including air conditions, may be placed upon any wall or pitched roof; such equipment may be placed upon flat roofs if screened from view from the ground level of surrounding properties to the satisfaction of the Committee.

2. The exterior finish of homes shall be principally stucco, the predominant color of which shall be earth tones or muted pastels. Brick homes shall not be permitted, however, brick accents approved by the Committee may be permitted.

3. Yard walls visible from the streets must be concrete block construction, or grey concrete block stuccoed and painted to match the color of the perimeter walls of the subdivision.

4. Pitched roofs shall be covered with concrete or clay tile of a variegated color or raised-seam painted metal roofing;; asphalt tile shall not be permitted.

5. A. Landscaping prior to occupancy:

(i) The entire front yard shall be landscaped with materials in conformance with the City of Albuquerque's Water Conservation Ordinance. Decorative rock and gravel type landscape installation is encouraged. To minimize water consumption, high water use turf (annual bluegrass, Kentucky bluegrass, perennial ryegrass, red fescue and tall fescue) shall be limited to a maximum of 40% of the front yard;

(ii) At least one (1) deciduous or evergreen shade tree of minimum two inch (2") caliper shall be planted in the front yard.

B. Landscaping after occupancy:

High water turf shall not exceed 2,500 square feet total area on the entire lot or exceed the front yard requirement above or exceed the City of Albuquerque's Water Conservation Ordinance guidelines, whichever is less.

Notwithstanding the provisions of this Section, all landscaping shall be in accordance with ordinances adopted by the City of Albuquerque. When landscaping the yard, lot owners are encouraged to implement additional water conservation measures initiated by the City of Albuquerque.

6. All homes must have at least a two (2) car garage. Garages may not be converted to living space unless a substitute garage is constructed which is approved by the Committee or a garage for at least two (2) cars will remain after the conversion. No more than a three (3) car garage may face the street.

7. The minimum allowable heated living area as defined in the Uniform Building Code shall be as follows:

A. Blocks A, Lots 1 through 16 and 71 through 98, Block B, Lots 1 through 6 and Block C, Lots 1 through 16: 1,400 square feet minimum.

B. Blocks A, Lots 17 through 29 and 43 through 70, and Block D, Lots 1 through 24: 1,800 square feet minimum.

C. Block A, Lots 30 through 42: 2,000 square feet minimum

8. Residences with flat roofs, designed in a 'Santa Fe' style of exterior architecture are encouraged, although pitched roofs are permissible in accordance with paragraph 8.03.4 herein.

9. All homes with fireplaces must have natural gas service to the fireplace to facilitate conversion of the fireplace to a gas fireplace if required by the City of Albuquerque at a future date.

Section 8.04: Estoppel Certificate

Within thirty (30) days after written demand is delivered to the Committee by any Owner, and upon payment therewith to the Association of a reasonable fee to cover costs from time to time to be fixed by the Association, the Committee shall provide Owner with an estoppel certificate executed by an officer of the Association and acknowledged, certifying with respect to any House owned by said Owner, that as of the date thereof either (1) all Improvements and other work made or done upon or within said House by Owner, or otherwise, comply with this Declaration, or (2) such Improvements or work do not so comply, in which event the certificate shall also (a) identify the non-complying Improvements and work and (b) set forth with particularity the cause of causes for such noncompliance. Any purchaser from the Owner, or mortgagee or other encumbrance shall be entitled to rely on said certificate with respect to the matters therein set forth, such matters being conclusive as between Grantor, the Association, and all Owners and such purchaser, and mortgagee.

Section 8.05: Liability

Neither the, Committee, the Board nor any member thereof shall be liable to the Association or to any Owner for any damage, loss, or prejudice suffered or claimed on account of:

- a. The approval of any plans, drawings, and specifications, whether or not defective,
- b. The construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications,
- c. The development or manner or development of any property within the Subdivision,
or
- d. The execution and recording of an estoppel certificate whether or not the facts therein are correct; provided, however, that the officer executing the certificate, with the actual knowledge possessed by him, has acted in good faith.

Without in any way limiting the generality of the foregoing, the Committee, Board, or any member thereof, may, but is not required to, consult with or hear any Owner with respect to any plans, drawings, or specifications, or any other proposal submitted to it.

ARTICLE 9
Protection of Security Interests

Section 9.01: Application of Assessments to Mortgagees

The liens created under the Subdivision Restrictions upon any Lot shall be subject and subordinate to, and shall not affect the rights of a mortgagee under any recorded first mortgage upon a Lot made in good faith and for value, provided that after the foreclosure of any such mortgage the amount of all maintenance and special assessments, and all delinquent assessments to the extent such delinquent assessments relate to expenses incurred after such foreclosure, assessed hereunder to the purchaser at foreclosure sale, shall become a lien upon such lot upon recordation of a notice thereof with the County Recorder.

Section 9.02: Right to Notice

The Association shall provide all Eligible Mortgagees with timely written notice of any delinquency in the payment of monthly assessments, special assessments or other charges due the Association by the Owner of a Lot which is subject to a first mortgage held, by any Eligible Mortgagee and which delinquency remains uncured for a period of sixty (60) days or more.

Section 9.03: Limitation of Enforcement Against Mortgagee

Violation by an Owner of the Subdivision Restrictions or enforcement of the Subdivision Restriction against an Owner shall defeat or render invalid the lien of any mortgage made in good faith and for value against the property of such Owner, but, the Subdivision Restrictions shall be effective against any Owner whose title is acquired by foreclosure, trustee's sale, voluntary conveyance, or otherwise.

Section 9.04: Rights of Mortgagee to Information

A mortgagee shall, upon written request, be entitled to inspect the Declaration, by-laws, and the books and records of the Association on the same basis as a Member. If a mortgagee furnishes the Association, in writing, with its address, it shall be entitled to receive within a reasonable time financial statement for the immediately preceding fiscal year, free of charge and shall receive notice of meetings on the same basis as members.

Section 9.05: Application of Subdivision Restrictions

Except as provided in this Article or specifically provided elsewhere in the Subdivision Restrictions, all mortgages and mortgagees are bound by the provisions of the Subdivision Restrictions.

Section 9.06: Collection of Assessments

The Mortgagees shall be under no obligation to collect assessments.

Section 9.07: Mortgage Approval

So long as the Grantor has more than a majority of the voting power of the Association, HUD or VA approval may be required prior to the following:

- a. Amendment of the Association's Articles of Incorporation, Bylaws or this Declaration;
- b. Annexation of property to the Association;
- c. Encumbering, conveying or dedicating Common Areas, Easement Areas; or
- d. Dissolution of the Association

ARTICLE 10**Limitation of Subdivision Restrictions on Grantor****Section 10.01: Limitation of Subdivision Restrictions on Grantor**

Grantor is undertaking the work of constructing the Subdivision. The completion of that work and the sale, rental and other disposition of the Lots is essential to the establishment of the Subdivision. In order that said work may be completed and said property be established and fully occupied as rapidly as possible, nothing in this Declaration shall be understood or construed to:

- a. Prevent Grantor or its agents, employees, and contractors from doing on the properties whatever is reasonably necessary or advisable in connection with the completion of the work; or
- b. Prevent Grantor or its agents, employees, and contractors from erecting, constructing and maintaining on any part or parts of the Subdivision, such structures as may be reasonably necessary for the conduct of its business of completing the work and establishing the Subdivision, including, without limitation, sales offices, model units, general business offices for its staff, employees and contractor, and storage and parking facilities for materials and equipment, and disposing of the Subdivision in parcels by sale, lease or otherwise; or
- c. Prevent Grantor from conducting on any part of the properties its business of completing the work, and of establishing and disposing of the Subdivision;
- d. Prevent Grantor from maintaining such sign or signs on the Subdivision as may be necessary for its sale, lease, or disposition, or the sale, lease or disposition of any Lot.

Section 10.02: Use of Subdivision Name

Grantor may use the name of the Subdivision and the Subdivision Restrictions in other subdivisions or projects whether located adjacent to the Subdivision or not, provided such names have a distinctive number or other designation so that they are not identical with the names of the Subdivision Association. Consent is hereby given to Grantor and Grantor's assigns to use such names of a Corporation and upon request of Grantor, the Association agrees to execute a written consent authorizing Grantor to use the name or similar name which Consent will be filed with the State Corporation Commission.

Section 10.03: Architectural Control

Improvements by Grantor and declarants to the Subdivision do not require approval of the Committee.

Section 10.04: No Amendment or Repeal

The provision of this Article may not be amended or repealed without the consent of Grantor.

ARTICLE 11
Miscellaneous Provisions

Section 11.01: Amendment or Repeal; Duration

a. These Restrictions and any provision thereof which are in effect with respect to all or part of the Subdivision, may be amended or repealed in the following manner:

1. The approval by seventy-five percent (75%) vote or written consent of the members and the consent of the Grantor so long as Grantor owns any property within the Paradise Bluff Subdivision; and

2. The recordation of a certificate of the Secretary or an Assistant Secretary of the Association setting forth, in full, the amendment or amendments so approved, including any portion or portions of this Declaration repealed, and certifying that such amendment or amendments have been approved by the required vote or consent of the Owners, and if required, the approval of the Grantor.

At any time during which Grantor is the only owner of property within the Subdivision, Grantor may amend or correct these Restrictions by a recorded instrument of amendment or correction.

b. All of the provisions of these Restrictions shall continue and remain in full force and effect at all times with respect to all property, and each part thereof, included within the Subdivision, to the Owner and to the Association subject, however, to the right to amend and terminate as provided for in this Article, through December 31, 2046; provided that these Restrictions shall terminate if, within one (1) year prior to December 31, 2046, there shall be recorded an instrument directing the termination of these Restrictions signed by two-thirds (2/3) of the Owners of record title. These Restrictions in effect immediately prior to the expiration date shall, subject to the provision of Section 11.01a., be continued automatically without any further notice, for an additional period of ten (10) years unless within one (1) year prior to the expiration of such period these Restrictions are terminated as set forth in this Section.

Section 11.02: Enforcement; Non-Waiver; No Forfeiture

a. Except to the extent otherwise expressly provided herein, the Association or any Owner or Owners shall have the right to enforce any and all of the provisions now or hereafter imposed by the Subdivision Restrictions upon other Owners, or upon any property within the Subdivision.

b. Except to the extent otherwise expressly provided herein, any Owner or Owners shall have the right to enforce any and all of the provision now or hereafter imposed by the Subdivision Restrictions upon the Association.

c. Every act or omission whereby any restriction, condition, or covenant of the Subdivision Restrictions is violated, in whole or in part, is hereby declared to be and to constitute a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by the Association or by an Owner or Owners, as provided for in this Section. Any provisions to the contrary notwithstanding, only the Association or its duly authorized agents may enforce by self-help any limitation, restriction, covenant, condition, or obligation herein set forth.

- d. Each remedy provided for in the Subdivision Restrictions is cumulative and not exclusive.
- e. The failure to enforce the provision of any limitation, restriction, covenant, condition, obligation, lien, or charge of the Subdivision Restrictions shall not constitute a waiver of any right to enforce any such provision or any other provision of the Subdivision Restrictions.
- f. No breach of any of the provisions of the Subdivision Restriction shall cause any forfeiture of title or reversion or bestow any rights of re-entry whatsoever.
- g. Reasonable attorney's fees and costs may be awarded in any action brought to enforce the provisions of the Subdivision Restrictions.

Section 11.03: Construction, Compliance with Laws, Severability, Singular and Plural; Titles

- a. All of the limitations, restrictions, covenants, and conditions of the Subdivision Restrictions shall be liberally construed, together, to promote and effectuate the beneficial operation of the Subdivision.
- b. No provision of the Subdivision Restrictions shall be construed to excuse any person from observing any law or regulation of any governmental body having jurisdiction over such person or the Subdivision.
- c. Notwithstanding other provision in this Section, the limitations, restrictions, covenants, and conditions of the Subdivision Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision, or portion thereof, or any of such limitations, restrictions, covenants, or conditions shall not affect the validity or enforceability of any other provision.
- d. The singular shall include the plural and the plural the singular, unless the context requires the contrary, and the masculine, feminine and neuter, as the context requires.
- e. The table of contents and all titles used in the Subdivision Restrictions, including those of Articles and Sections, are intended solely for convenience of reference and the same shall not, nor shall any of them affect that which is set forth in such Articles, Sections, nor any of the terms or provision of the Subdivision Restrictions. Any numbered or lettered subdivision of a Section is referred to as "subsection" or "subsections" and any indented portion of this Declaraion which is unnumbered and unlettered shall be referred to as "Paragraph"

Section 11.04: Lot Splitting, Consolidation

- a. No Lot within the Subdivision shall be split unless the Board shall have given its written consent.
- b. No two or more lots within the Subdivision shall be consolidated into one Lot unless the Board shall have given its written consent.
- c. Nothing contained in this Section shall apply to the splitting of any Lots by Grantor or the consolidation of two or more Los into one Lot by Grantor.
- d. The Association can require a change in the voting rights and assessment obligation in any Lot split or consolidation to keep the assessment and voting rights the same after the split or consolidation as they were before.

Section 11.05: Obligations of Owners; Avoidance; Termination

- a. No Owner through the abandonment of his Lot, may avoid the burdens or obligations imposed on him by the Subdivision Restrictions by virtue of his being an Owner.

b. Upon the conveyance, sale, assignment or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such Lot after the date such transfer is recorded, provided such transferring Owner notifies the Association of the transfer as provided by the Subdivision Restrictions, and no person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of an Owner under the Subdivision Restrictions following the date of such termination.

Section 11.06: No Partition or Severance of Interests

There shall be no partition or severance of any Lot, from the Subdivision and the Grantor, Board, Association and Owners shall not seek to partition or sever any part of a Lot from the Subdivision, nor shall they have any right to maintain an action for judicial partition in connection with the Subdivision unless such right is expressly given by the Subdivision Restrictions. This provision shall not prevent the partition of any Lot or Lots held in joint ownership as long as no physical partition takes place and there is no severance from any incident of the Subdivision Restrictions. No owner shall sever his Lot from its interest in the Association.

Section 11.07: Notices; Documents; Delivery

Any notice or other document permitted or required by the Subdivision Restrictions to be delivered may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed as follows:

If to an Owner: At any House within the Subdivision owned by the Owner or at such other address given by Owner to the Association, in writing.

If to Grantor or to the Association:

Paradise Bluff LLC
5028 Colby Court
Albuquerque, New Mexico 87114
Attn: Peter Johnson

Any such address may be changed from time to time by any Owner, or by Grantor by notice in writing, delivered to the Association, or by the Association, by notice in writing, delivered to all Owners.

Section 11.08: Ownership of Property

All funds and facilities provided for by the Subdivision Restrictions and all property of any kind held by the Association and derived from assessments of members, proceeds of insurance carried or obtained by the Association, proceeds of bonds payable to the Association or payment received for damages to the Subdivision, and any right or interest in any such property shall belong to the Owners in proportion to each Owner's share of the maintenance assessment, and no assessment or the proceeds of any assessment shall be considered income to the Association. No person has any right to appropriate or make use of such property, except as provided by the Subdivision Restrictions until and unless there has been a partition or distribution of such property. All such property shall be appurtenant to each Lot in proportion to each Lot's share of the maintenance assessment and may not be severed or separated from any House, and any sale, transfer, or conveyance of the beneficial interest of the fee of any House shall operate to transfer the Owner's rights in such property without the requirement of any express reference thereto.

Section 11.09: Transfer of Common Area

By the Recording of this Declaration, Grantor shall transfer and convey to the Association, and the Association shall accept, the Common Areas. The Common Areas may be subject to any or all of the following exceptions, liens, and encumbrances:

- a. The lien of real property taxes and assessments not delinquent;

b. Such easements and rights of way as may have been offered for dedication to a political subdivision or public organization, or public utility corporation,

c. Such easements and rights of way, licenses or rights of use on, over, or under all or any part of any such property or structures or improvements thereon as may be reserved to Grantor or granted to any Owner for the use thereof in accordance with the provisions of these Restrictions.

d. Obligations imposed, directly or indirectly, by virtue of any statute, law, ordinance, resolution, or regulation of the United States of America, the State of New Mexico, or any other political subdivision or public organization having jurisdiction over such property, or by virtue of any organization or body politic created pursuant to any such statute, law, ordinance or regulation; and

e. Any other lien, encumbrance, or defect of title of any kind whatsoever (other than of the type which would, at any time, or from time to time, create a lien upon such property to secure an obligation to pay money) which would not materially and actually prejudice Owners in their use and enjoyment of such property.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first above written.

Paradise Bluff LLC
a New Mexico Limited Liability Company
By: Vintage, Inc., a New Mexico Corporation, Member.

s/Peter K. Johnson

By: Peter K. Johnson, Vice President

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

This instrument was acknowledged before me on June 18th 1997, by Peter K. Johnson, Vice President of Vintage, Inc., a New Mexico corporation, Managing Member of Paradise Bluff LLC, a New Mexico limited liability company, on behalf of said limited liability company.

WITNESS my hand and official seal.

s/ Rosina A. Douglas
Rosina A. Douglas
Notary Public

My Commission Expires:
06-10-98