

AMENDED
MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR SPRING CANYON RANCH

This Amended Master Declaration of Covenants, Conditions, Restrictions and Easements ("Master Declaration") is made this 3rd day of July, 2007, by Spring Canyon Ranch, L.L.C., a New Mexico limited liability company, hereafter called "Declarant." This Master Declaration shall replace and supercede all prior Master Declarations made by the Declarant.

WITNESSETH:

Whereas, Declarant is the fee simple owner of certain real property located in Catron County, New Mexico, hereinafter referred to as the "Property," described as follows:

THE SPRING CANYON RANCH SUBDIVISION, as shown and designated on the Final Plat (hereinafter, the "Final Plat") entitled "Spring Canyon Ranch Subdivision," South ½ of Section 26 and Section 35 except West ½ of SW ¼ and except the SW ¼ of the SE ¼, Township 1 North, Range 17 West, N.M.P.M., filed of record in the office of the County Clerk of Catron County, New Mexico, on the 19th day of April, 2006, in Volume/book B, at page/folio 497.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to this Master Declaration, which Master Declaration shall be and are easements, restrictions, covenants and conditions appurtenant to and running with the land, and shall be binding upon and inure to the benefit of all parties having any right, title or interest in the Property or any part thereof, and their respective heirs, successors and assigns, as their respective interests may appear.

ARTICLE 1
DEFINITIONS

Section 1. "Association" shall mean and refer to the Spring Canyon Ranch Landowners' Association, Inc.", a not-for-profit corporation organized pursuant to Section 53-8-1 et seq. of the New Mexico Statutes Annotated, as amended from time to time, and its successors and assigns.

Section 2. "Association Documents" shall mean the Association's Articles of Incorporation and By-Laws as the same may, from time to time, be amended and exist.

Section 3. "Board" shall mean the Board of Directors of the Association, whose duties shall be the management of the affairs of the Association subject to this Master Declaration and Association Documents.

Section 4. "Declaration" shall mean this entire document, which may be amended from time to time.

Section 5. "Final Plat" shall mean and refer to the Plat of THE SPRING CANYON RANCH SUBDIVISION and any amendments thereto, which Plat is defined and referenced in the Recital above.

Section 6. "Lot" shall mean and refer to any numbered parcel as shown on the Final Plat, including any amendment of the Final Plat.

Section 7. "Owner" shall mean and refer to the record owner, and if more than one (1) person or entity, then to them collectively, of the fee simple title to any Lot which is a part of the Property, so that for purposes of this Master Declaration and the Association Documents, each Lot shall be deemed to have one (1) Owner. The Declarant is an Owner for all purposes under this Master Declaration to the extent of each Lot owned by Declarant.

Section 8. "Person" shall mean an individual, corporation, partnership, trust, or any other legal entity.

Section 9. "Property" shall mean and refer to the Property, as defined above, being THE SPRING CANYON RANCH SUBDIVISION, as shown and designated on the Final Plat.

Section 10. "Water System" shall mean all wells, equipment, tanks, pumps, distribution lines, meters, valves, easements, materials, supplies, water rights, and other real and personal property including water rights which constitute the Association's initial domestic water delivery system.

Section 11. "Water System Extension" shall mean any additional wells, equipment, tanks, pumps, distribution lines, meters, valves, easements, materials, supplies, or water rights, which are added to the Water System to expand the area of service or increase the service capacity of the Water System.

Section 12. "Work" shall mean the initial development of the Property by Declarant and includes the cost of designing of the Water System, the drilling of wells, the construction of the distribution lines, the installation of pumps, tanks, purification devices, controls and other equipment, the acquisition of water rights and all administrative, legal and accounting services necessary to render the Water System operational and road work within those areas marked on the Final Plat as road right-of-way, to be borne by the

Declarant. The Declarant, as the developer, shall not bear the cost of installation of water service lines from an Owner's water meter to the Owner's dwelling or other improvements within the Owner's Lot.

Section 13. "Architectural Review Board" shall mean initially the Board, and thereafter may be any group of persons designated by the Board to approve the plans, designs, materials and color of any structure to be built or constructed on the Property.

Section 14. "Manufactured Homes" shall mean modular, panelized, manufactured, prefabricated, and pre-erected homes that meet the construction requirements of Article IV, Section 10 of this Master Declaration, including any amendments and supplemental requirements from the Architectural Review Board, if any.

ARTICLE II ASSOCIATION

Section 1. The Association. The Association shall be formed to carry out the purposes specified in this Master Declaration including but not limited to owning, holding, managing and otherwise dealing with the Water System and the Common Areas as provided for herein, and shall be authorized to engage in the business of a homeowner's association with the powers granted non-profit corporations under the New Mexico Nonprofit Corporation Act, Article 8, Section 53, New Mexico Statutes Annotated, as amended.

Section 2. Membership.

(a) Each Owner, by virtue of being an Owner and for so long as he is an Owner, shall automatically be a Member of the Association. Association membership shall be an interest appurtenant to title of each Lot and may not be separated from ownership of any Lot which is subject to assessment, as set forth herein, and shall be transferable only as part of the fee simple title to each Lot.

(b) The rights, duties, privileges and obligations of an Owner as a Member of the Association shall be those set forth in, and shall be exercised and imposed in accordance with, the provisions of this Master Declaration and the Association Documents; provided, that, if a conflict arises between the Master Declaration and the Association Documents, the Master Declaration shall take priority.

Section 3. Voting. The Association shall have two (2) classes of voting membership:

(a) Class A. So long as there is Class B membership, Class A Members shall be all Owners, except the Declarant, and shall be entitled to one (1) vote for each Lot owned by such Members. Upon termination of Class B membership, Class A Members shall all be Owners including Declarant so long as Declarant is an Owner, and each Owner shall be entitled to one (1) vote for each Lot owned. If more than one (1) person owns an interest in any Lot, all such persons are Members; and the vote for such Lot may be exercised as the Owners determine among themselves; but no split vote is permitted.

(b) Class B. The Class B Member shall be the Declarant and as long as there is a Class B voting membership the Declarant shall be entitled to three (3) votes for each Lot owned by the Declarant. Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earlier:

(i) Until such time as the Class B Member owns forty (40) or fewer Lots;

(ii) On January 1, 2015, or

(iii) When the Declarant waives in writing its right to Class B membership and agrees to the conversion of such into Class A membership.

Section 4. Services. The Association may obtain and pay for the services of any Person to manage its affairs to the extent the Board deems advisable, as well as such other personnel as the Board determines are necessary or desirable, whether such personnel are furnished or employed directly by the Association or by any Person with whom it contracts. Without limitation, the Board may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Property or the enforcement of this Master Declaration, the Association Documents or the Owners' Association Rules.

Section 5. Capital Improvements. Except for: (i) the replacement or repair of items installed by Declarant as part of the Work including but not limited to the Water and Road Systems; or (ii) the repair and replacement of any personal property, the Association may not expend funds for capital improvements without the prior approval of at least one-half (1/2) of the total votes cast, in person or by proxy, at a regular or special meeting of the Members duly called and convened to approve such expenditure.

Section 6. Personal Property. The Association may acquire, hold and dispose of tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Master Declaration and the Association Documents.

Section 7. Owners' Association Rules. The Association from time to time may adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing the use of the Lots, and other areas, or any combination thereof, which rules and regulations shall be consistent with the rights and duties established by this Master Declaration. These regulations shall be binding upon Owners and the Association may impose reasonable monetary fines and other sanctions for violations of the rules which may be collected by lien and foreclosure as provided herein and in accordance with New Mexico Statutes Annotated and the rules and practices for foreclosures in the District Courts of New Mexico. All Owners' Association Rules initially may be promulgated by the Board but are subject to amendment or rescission by vote of not less than two-thirds (2/3) of the total votes cast, in person or by proxy, at a regular or special meeting of the Members duly called and convened to consider amendment or rescission of the Owners' Association Rules. The Association's procedures for enforcing Owners' Association Rules shall

provide the affected Owner with reasonable prior notice and a reasonable opportunity to be heard, in person and through representatives of such Owner's choosing.

Section 8. Powers and Authority. The Association shall have the power and authority 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 Articles of Incorporation of the Association and this Master Declaration 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 for the safety and/or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Declarant hereby grants an easement for, and the Association shall have the power and authority but not the obligation at any time and from time to time, and without liability to any Owner, to enter upon any Lot for the purpose of enforcing any and all of the provisions called for herein, or for the purpose of maintaining and repairing any such Lot if for any reason whatsoever the Owner thereof fails to maintain and repair such Lot as required. The Association shall also have the power and authority from time to time, in its own name, or its own behalf or 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 this Master Declaration, the Association Documents and the Owners' Association Rules and to enforce, by mandatory injunction or otherwise, the provisions of this Master Declaration, the Association Documents, and the Owners' Association Rules.

Section 9. Indemnification of Officers and Directors. To the extent permitted by New Mexico law including but not limited to Section §53-8-15 New Mexico Statutes Annotated, as amended, the Association shall, and all Owners, as Members of the Association, hereby agree that the Association shall indemnify each officer, director, employee, and management contractor from any and all expenses, including legal expenses, incurred or arising out of such person's acts undertaken on behalf of the Association. This provision is self-executing, and the Association may also take any action desired to carry out its purposes.

Section 10. Alternatives if Quorum Not Present. A quorum is defined by the By-Laws of the Association as one-tenth (1/10th) of the votes eligible to be cast on a matter, which is 17 votes. If the quorum of Members required by the By Laws of the Association is not present at any meeting of the Members of the Association duly called:

(a) (i) the President; or (ii) the Board; or (iii) a majority of the Members attending such meeting, in person or by proxy, may approve voting to take place by paper ballot and then adjourn the meeting. The Secretary shall prepare and distribute the ballots to the Members eligible to cast votes on the matter(s) within fifteen (15) days following the adjournment of the meeting. The Members entitled to vote on the matter(s) to be heard at the meeting shall have thirty (30) days from the date the ballots are distributed to return ballots to the Secretary. The Board shall count the ballots and the Secretary of the Association shall notify the Membership no later than fifteen (15) days after the close of the vote of the results of the votes cast by ballot. The total number of votes cast by ballot shall be used to determine if a quorum was achieved for voting purposes.

(b) In the alternative, if not less than two-thirds (2/3) of the Members actually attending the meeting cast an affirmative vote, the meeting may be adjourned and, on verbal notice to the Members attending, a special meeting may be immediately called to consider the matter(s), in which case the presence in person or by proxy of those Members entitled to cast one-fifteenth (1/15) of the total votes entitled to be cast on the issue(s) at a meeting of the Members of the Association shall constitute a quorum for such meeting (i.e. based on 166 lots, the alternative quorum is eleven (11) votes.

Further provided, the attendance at a meeting of the Members of the Association attended in person or by proxy by the Declarant shall constitute a quorum as long as the Declarant is a Class B Member of the Association.

ARTICLE III **COMMON PROPERTY**

Section 1. Conveyance of Common Property. The Declarant may from time to time designate and convey to the Association fee simple title to real property including but not limited to the land described in the Final Plat as road right-of-ways to be the Common Area for the common use and enjoyment of the Owners, subject to this Master Declaration. The Declarant does hereby transfer to the Association all easements granted on, over and through the property. The Association's ownership of all easements and/or the simple title to the land encumbered thereby are subject to the terms and conditions of this Master Declaration and the obligations set forth herein.

Section 2. Owner's Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot; provided, however, that no Owner shall do any act which interferes with the use and enjoyment of the Common Area by all other Owners; and provided further, said easement shall be subject to the following rights, title and interest:

(a) The right of Declarant and the Association to establish and maintain reasonable controls on the pedestrian and vehicular traffic across the road right-of-way for ingress and egress into and within the Property; and

(b) The right of Declarant and the Association to grant easements in and to the Common Area for all utility services, including cable television and other public uses which benefit the subdivision as a whole.

(c) The right of the Association to borrow money for the purpose of improving the Common Area or acquiring additional common area property.

(d) The right of the Association to dedicate, transfer and convey all or any part of its right, title and interest in the Common Area to any public agency, authority, or utility or, subject to such conditions as may be agreed to by the Owners, to any other Person for such purposes; provided, however, the Common Area cannot be conveyed without the vote, in person or by proxy, of two-thirds (2/3) of the total of votes of all

Members able to be cast at any regular or special meeting of the Members duly called and convened to approve the conveyance.

Section 3. Responsibilities of the Association and Release of Liability.

(a) Upon conveyance of a Common Area to the Association by Declarant, the Association shall be responsible for such Common Area, including but not limited to, its operation, management, care, restoration, insurance, renovation, alteration, reconstruction, repair, maintenance, rebuilding, replacement and improvement, and for the payment of taxes and utilities for the Common Area.

(b) Any private streets, street lights, drainage systems, fences, and other improvements that have been constructed, installed or created by the Declarant within Common Areas and as part of the Work shall be maintained by the Association in the same condition and appearance as constructed or created. The Association shall establish reserves for the replacement of the subdivision improvements.

(c) By acceptance of a deed to a Lot within the Property, each Owner agrees that the Association and the Declarant have no obligations whatsoever for providing protection to persons on the Property. Each Owner further agrees that the Declarant and the Association shall have no obligation whatsoever for providing protection to Owner or the Property from conditions existing within public or private streets or Common Areas.

Section 4. Common Areas Easements.

(a) Declarant has dedicated and conveyed or will dedicate and convey to the Association that portion of the Property described on the Final Plat as road right-of-ways and utility easements. Easements for installation and maintenance of the Water System and dry utilities are reserved within the road right-of-way and the set-back areas of the Lots as further specified in Article V, Section 3. Within these easements and except as otherwise allowed by the beneficiaries of such easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of the Water and Road Systems and the dry utilities located from time to time within the road right-of-way and the utility easements.

(b) Fire, police, health, sanitation (including trash collection, if any) and other public service personnel and vehicles shall have and are hereby granted a permanent, non-exclusive and perpetual easement for ingress and egress over and across the road right-of-way shown on the Final Plat for purposes of providing such services to the Owners.

(c) Declarant hereby reserves an easement across the Common Area for the installation, maintenance and use of all utilities, the high-speed data communications lines, distribution facilities and equipment and cable television lines, distribution facilities and lines. This easement may be transferred in whole or in part to any franchised high-speed data communication operator and any cable television operator.

(d) Each Owner agrees that he will not place their septic leach or drain field nearer than within two hundred feet (200') of any Water System well; provided, in locating new wells, water storage facilities, pump houses and distribution lines, the Association will try to locate such facilities so that they will not interfere with the Owner's use of his Lot. Care shall be taken in locating wells, and the members owning property within two hundred feet (200') will be consulted so that the needs of the Association and the Lot Owner can be accommodated to the greatest extent possible.

ARTICLE IV **ASSESSMENTS**

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, hereinafter referred to as "Annual Assessments", (ii) special assessments for capital improvements, hereinafter referred to as "Special Assessments", and (iii) specific assessments for accrued liquidated indebtedness of individual Owner(s) to the Association, hereinafter referred to as "Specific Assessments," with such assessments to be established and collected as hereinafter provided. The Annual, Special and Specific Assessments, hereinafter collectively referred to as "Assessments", together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which an Assessment is made. The Assessments, together with interest, costs, reasonable attorney's fees and paralegal fees together with any sales or use tax thereon, shall also be the personal obligation of the Person who was the Owner of such Lot at the time when the Assessments fell due. However, the personal obligation of an Owner for delinquent Assessments shall not pass to said Owner's successors in title unless expressly assumed in writing by such successors, but shall continue to be a charge on and lien against the Lot which, if not paid, shall entitle the Association to exercise its remedy of foreclosure, as further provided herein, against the Lot subject to the continuing lien for the delinquent Assessments and, at the option of the Association, to exercise its collection remedies, either in the foreclosure action or by separate action, against the Person who was the Owner of such Lot at the time when the Assessments fell due.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of carrying out the rights and obligations of the Association as defined in this Master Declaration, including but not limited to the acquisition, management, insurance, and maintenance of the Common Areas and any other Properties which the Association is responsible for maintaining; the maintenance of a reserve fund for the replacement of improvements thereon or anticipated to be required in the future; the enforcement of the Master Declaration, a Supplemental Declaration, and Association Documents; the enforcement of covenants, conditions and restrictions established herein and the enforcement of Owners' Association Rules established from time to time by the Association; the payment of operating costs and expenses of the Association; maintenance of any Common Areas; the payment of operating costs of the Water Systems as are usual, normal and customary for routine maintenance and operation

of a water system including utility costs, insurance, supplies, water testing, purification, accounting, administrative, legal and other miscellaneous day-to-day expenses; and the payment of all principal and interest when due and all debts owed by the Association.

Section 3. Annual Assessments. The Annual Assessment shall be used exclusively to promote the community within the Property, including (i) those other responsibilities as outlined herein, and (ii) all other general activities and expenses of the Association, including but not limited to the enforcement of this Master Declaration, the Association Documents, and the Owners' Association Rules established from time to time by the Association. The initial annual assessment fee levied by the Association is Eight Hundred Dollars (\$800.00) per Fiscal Year, to be paid on a quarterly basis on the first day of each calendar quarter.

Section 4. Special Assessments. In addition to the Annual Assessments authorized above, the Association may levy, in any Assessment year, Special Assessments for common expenses of the Association applicable to that year only. Except as specifically provided otherwise in this Master Declaration (e.g., Article II, Section 5), any Special Assessment shall have the assent of the Members if the Members, in person or by proxy at any regular or special meeting of the Members duly called and convened to approve such Special Assessments, cast at least two-thirds (2/3) of the total votes cast, in person or by proxy, at a regular or special meeting of the Members duly called and convened to approve such Special Assessments.

Section 5. Specific Assessments. There shall be two types of Specific Assessments assessable to Owners. First, any and all accrued liquidated indebtedness of any Owner to the Association arising under any provision of this Master Declaration, or by contract, express or implied, or because of any act or omission of any Owner or person for whose conduct such Owner is legally responsible, also may be assessed as a lien by the Association against such Owner's Lot, as a Specific Assessment, after such Owner fails to pay such indebtedness within thirty (30) days after written demand. Such a Specific Assessment may include a late charge or other penalty for not timely paying such indebtedness.

Second, the Association shall have a right, but is not obligated, to assess each Owner, as a Specific Assessment, or periodically, or on a monthly, quarterly, or semi-annual basis, for the following type charges related to use, maintenance, repair and replacement of the Water System. The implementation of any of the following assessments is at the discretion of the Association Board based upon the financial needs of the Association:

(a) A water charge for water used by an Owner, based on a rate schedule implemented at least annually by the Association.

(b) A standby fee for each Lot, until the residence on the Lot is connected to the Water System.

(c) Membership and membership transfer fees to defray the cost of the associated bookkeeping, meter reading, and administrative expenses of the Association.

(d) Meter fee and installation charge at the time water service is initiated on a lot.

(e) Fees for New or Additional Service Connections. If any Owner needs new or additional service connections to the water system, such service connections shall be made only upon application to and with the approval of the Association and upon payment of such fee to Association as the Association shall determine.

The Declarant shall establish the initial rate schedule for the Water System. Annually, the Board of the Association shall review the established rate schedule to assure that sufficient income will be generated for the coming year to cover anticipated operating expenses of the Water System and to provide for a reasonable repair and maintenance reserve, and, if established, a reserve for the purchase of additional water rights. The rate schedule shall include a "minimum water charge" to be paid by each Owner. The rate schedule may establish a penalty assessment for excessive water usage. Proceeds from collections of penalty assessments may be used to implement an educational program aimed specifically at the user offenders as well as aiding the offender in achieving compliance and for funding water system maintenance.

Section 6. Notice for Any Action Authorized. Except as provided in Article II, Section 10(b) above, written notice of any meeting called for the purpose of taking action authorized to increase the Annual Assessment or to approve a Special Assessment shall be sent to all Members authorized to vote not less than ten (10) days nor more than fifty (50) days in advance of the meeting.

Section 7. Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly or quarterly basis in the discretion of the Board. Otherwise, such shall be payable in full yearly on the date the Assessment comes due. The share of each Lot in payment of the Annual and Special Assessments shall be a fraction the numerator of which is one (1) and the denominator is the total number of Lots subject to assessment under this Master Declaration at such time. Specific Assessments need not be uniform in rate, and, with respect to the Water System, may be based in part on each Owner's amount of consumed water.

Section 8. Other Charges and Costs Assessable. The Association may levy and assess charges, costs and fees for matters such as, but not limited to, the following, in such reasonable amounts(s) as the Board may determine in its discretion at any time and from time to time, including reimbursement of charges that are made to the Association by its managing agent or any other Person: copying of Association or other documents; return check fees; mileage at rate approved under New Mexico law for reimbursement for state employees; facsimiles; long distance telephone calls; notices and demand letters; and other charges incurred by the Association for or on behalf of any Owner(s). All such charges, costs and fees shall be in addition to the Assessments levied by the Association,

but shall be subject to all of the Association's rights with respect to the collection and enforcement of Assessments.

Section 9. Adjustment of Monetary Fees, Penalties, and Costs. All monetary amounts stated in this Master Declaration, or established from time to time by the Association as a charge, fee, cost or monetary fine, are subject to increase as determined by the Association at an annual or special meeting to reflect inflationary effects on such charges, fees, costs or monetary fines and/or the rising costs to the Association with respect to charges, fees, costs or monetary fines imposed by the Association.

Section 10. Accumulation of Funds Permitted. The Association shall not be obligated to spend in any calendar year all sums collected in such year by way of Annual Assessments or otherwise, and may carry forward, as surplus, any balances remaining; nor shall the Association be obligated to apply such surplus to the reduction of the amount of the Annual Assessments in any succeeding year but may carry forward from year to year such surplus as the Board may deem to be desirable for the greater financial security of the Association and the effectuation of its purposes. Such surplus need not be used to augment or replace operating reserves established by the Association.

Section 11. Certificate as to Status of Payment. Upon written request of an Owner, the Association shall, within a reasonable period of time but in any case within thirty (30) days of the Association's receipt of such written request, issue a certificate to that Owner giving the status of all Assessments, including penalties, interest and costs, if any, which have accrued to the date of the certificate. The Association may make a reasonable charge for the issuance of such certificate.

Section 12. Assessment Lien. All sums assessed to any Lot, together with interest and all costs and expenses of collection (including reasonable attorneys' fees and paralegal fees, plus any applicable sales or use tax thereon, including those for trial and all appellate proceedings), are secured by a continuing lien on such Lot in favor of the Association. The right of redemption with respect to the foreclosure of such lien shall be **three (3) months in lieu of nine (9) months**. All other Persons acquiring liens on any Lot, after this Master Declaration is recorded, are deemed to consent that such liens are inferior to the lien established by this Master Declaration whether or not such consent is set forth in the instrument creating such lien. The recording of this Master Declaration constitutes constructive notice to all subsequent purchasers and creditors, or either, of the existence of the Association's lien and its priority. The Association from time to time may, but is not required to, record a notice of lien for the delinquent Assessments against any Lot in the public records for Catron County, New Mexico.

Section 13. Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate equal to the higher of (a) twenty-fourfour percent (24%) per annum, or (b) Judgment Rate of Interest established pursuant to Section 56-8-4 of the New Mexico Statutes Annotated, as amended from time to time. The Board may from time to time establish a lower rate of interest for any Assessment; provided, such shall not be deemed to waive the right to collect interest as provided above if the lower rate of interest is

challenged by an Owner and, further, the Association's power to establish a rate of interest shall not violate the law of the State of New Mexico. The Board may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot subject to the lien for unpaid Assessments. A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing, waiving, or otherwise impairing the Association's lien or its priority. No Owner may waive or otherwise escape liability for the Assessments provided for herein by abandonment of his Lot.

Section 14. Homesteads. By acceptance of a conveyance of title to any Lot, each Owner is deemed to acknowledge conclusively that (i) the assessments established by this Article are for the improvement and maintenance of any homestead thereon; (ii) the Association's lien for such assessments has priority over any such homestead; and (iii) such Owners irrevocably waive the benefit of any homestead exemption otherwise available with respect to all assessments, interest, late charges, penalties, and costs of collection, including attorney's fees, validly secured by such lien.

Section 15. Declarant's Limitation of Liability for Assessments. Notwithstanding anything herein to the contrary, the Lots owned by Declarant shall not be subject to Assessments established by this Article. Until such time as there is an adequate number of Owners to pay the Annual Assessments to carry out the Association's obligations, the Declarant may, at its option, contribute cash and/or in kind services to the Association to assist the Association in meeting its obligations. Further, the Declarant and its successors or assigns, shall not be required to pay the water service standby or transfer fee in connection with any unimproved Lot it holds for sale.

Section 16. Limitations on Provision of Water. The Association will provide no more than 0.34 (34/100th) acre feet of water per year for each Lot, including both indoor and outdoor use. This allocation will provide each Lot with an average of 303.48 (three hundred three point forty-eight) gallons per day. Water conservation by the members of the Association is, therefore, necessary and important to the continued viability of the Association and the continued value of the interests of the members in the Association. Water-saving fixtures shall be used in all structures, which shall include, but not be limited to, low flush toilets, low flow shower heads, low flow faucets, any appliances that have water saving features such as washing machines and dish-washers and insulation of hot water pipes. Low water-use landscaping, such as xeriscape and drip irrigation, should be utilized and native grasses should be used that are adapted to local climatic conditions. The use of the water is limited as follows: (1) for domestic uses normally associated with a residence, however, gardens are to be no more than eight hundred (800) square feet in size, (2) for recreational uses sponsored by the Association if conducted in compliance with this Declaration, (3) for home occupations if conducted in compliance with this Declaration, (4) for fire protection, and (5) for Common Areas at the Declarant's sole discretion. Swimming pools, water gardens, ponds, or other outdoor water features holding more than 1,000 gallons are prohibited. Rainwater harvesting features, such as cisterns, downspout collection, and grading, shall be encouraged. Grey water systems shall meet the requirements of the New Mexico Construction Industries Division and the Uniform Building Code. The Association reserves the right to withhold water service, in

any calendar year, and charge penalties and fees, for an Owner that, in such calendar year, exceeds the yearly water allocation limit.

ARTICLE V

COVENANTS, CONDITIONS AND RESTRICTIONS

The following covenants, conditions, restrictions are herewith imposed on the Lots within the Property:

Section 1. Natural vegetation shall be left undisturbed, except for such clearing necessary to use the Lot for its intended residential purpose and for creating defensible spaces for protection from wildfires around all buildings in accordance with New Mexico Department of Energy, Minerals and Natural Resources, State Forestry Division, guidelines. These guidelines may be obtained by calling 505-835-9359. No logging or tree cutting operations are to be conducted on any Lots except to thin trees where necessary. The natural beauty of the land must be preserved and maintained.

Section 2. All trash or junk shall be deposited in sanitary containers and hauled to the County landfill or, if available, a community solid waste collection facility. Storing of trailers, boats, campers, cars or horse trailers shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, along side yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. No junk vehicles or junk mechanical equipment of any kind are permitted on the property. No motor vehicle which is under repair and not in operating condition shall be placed or permitted to remain on the road or any portion of any lot unless it is within an enclosed garage or structure. None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the occupants of the surrounding property. No tar paper shacks or dilapidated unkempt RV trailers or storage buildings are to be constructed or placed on the property. All residential structures are to be built to current New Mexico State Code Standards at the time of construction. All homes and outbuildings are to be of a professional quality and workmanship. In addition, all buildings must be approved by the Architectural Review Board according to the criteria in Section 10 below.

Section 3. All Lots within the Subdivision are subject to a fifteen (15) foot wide public utility easements along the side and rear Lot lines, subject to a twenty (20) foot wide access and utility easement along the Subdivision boundary, and subject to a ten (10) foot wide utility easement along road right-of-ways. No fence shall be constructed within the ten (10) foot easement along the road right-of-ways. All road right-of-ways and common areas within the Subdivision are for the purpose of ingress, egress and utilities. There are twenty (20) foot wide private easements for access to public lands as shown on the Subdivision Plat. In addition to the easements, each Lot is subject to the following set-back requirements: no building structure, home, recreational vehicle, camper, trailer or tent shall be nearer than seventy-five (75) feet to the street line, nor nearer than thirty (30)

feet to the side Lot line, nor nearer than forty (40) feet from the rear Lot line. Lot owners on the perimeter of the Project must leave the boundary fence intact, or install a gate which is strong enough to keep out cows. All Landowners agree to conduct themselves so as to not interfere with the quiet enjoyment of the other Owners. Excessive noise from music, vehicles or other sources is strictly prohibited.

Section 4. No business or commercial ventures may be conducted on any of the Lots except if (a) such use is incidental to the primary use of the Lot for residential purposes or (b) such business or commercial venture is a limited home-based business which does not require a large number of customers, deliveries or shipping and must be fully contained inside the dwelling units on the Lot. The allowed business or commercial use shall also not interfere with the quiet enjoyment of the adjacent Lots or of the Common Area and shall not cause excessive use of the Subdivision utilities or Common Areas.

Section 5. Animals shall be confined within the boundaries of each Lot; they shall not be allowed to graze on adjoining properties. A maximum of four (4) livestock are allowed per Lot. Livestock shall include horses, ponies, llamas, cows, donkeys, and sheep, and other such live animals. Livestock must be kept in sanitary conditions. No pigs or pot-bellied pigs shall be raised on any of the Lots within Spring Canyon Ranch with the exception of school or 4-H projects. Each Lot shall be allowed no more than ten (10) chickens or other poultry, which number will be reduced if such poultry become a nuisance to surrounding owners. Poultry must be kept in a confined space. There shall be no more than four (4) dogs or a total of six (6) dogs and cats maintained on a Lot. Dogs must be kept on leashes or within the boundaries of the Owner's property. Dogs shall not be allowed to roam freely throughout the development, or else the dogs will become subject to capture and removal by the appropriate authorities. Excessive barking, howling or other noise by dogs or other animals is prohibited as this violates the right of all owners to the quiet enjoyment of their Lots.

Section 6. All structures, except antennas and windmills, shall not be more than thirty (30) feet in height.

Section 7. No Lot within the Property may be split into additional Lots. A portion of the Lot may be deeded to a public or private utility, in which event the remaining portion of said Lot shall be treated as a whole Lot for the purpose of this provision.

Section 8. Reflective address signs for emergency purposes may be placed on the driveway and must be maintained by Owner.

Section 9. All Lots are restricted to one (1) primary residence per Lot and one (1) guesthouse per Lot. In no event shall the guesthouse be inhabited on a full-time basis. No lot shall drill a well without permission of the State of New Mexico. If an Owner drills a well, it will not relieve him of paying (or his Lot from the assessment for) the water standby fee, if any, and the full amount of the Association dues.

Section 10. All structures that are proposed to be built or placed upon the Property must be approved by the Architectural Review Board before being delivered to or

constructed upon the Property. In order to issue an approval, the Architectural Review Board requires a complete set of plans, elevations, plot plan showing actual location of structures within required setbacks, color samples, material samples, and any other information or materials that the Architectural Review Board deems necessary. Modular, panelized, manufactured, prefabricated, and pre-erected homes(collectively known as "manufactured homes") are permitted upon all Lots as a single family dwelling in addition to site built homes, provided they are new and have not been placed or set upon any other property. However, all homes must either be constructed on a permanent foundation or placed and strapped down on a permanent foundation. Mobile homes are not permitted on the Property. All homes of any type must have shingled, tile or factory-finish metal roofs, gable ends, eaves around the entire building. All homes must have 2 x 6 or equivalent exterior wall construction, 2 x 4 interior walls, 2 x 8 floor joists, if applicable, 30 pound roof loading with trusses on 16 inch centers, if applicable, and an **attached** 2-car garage. The exterior walls of all structures built must be covered by two-coat stucco, stone (including cultured stone), brick, wood, lapped wood, log, or other such upgraded products. No unfinished metal, corrugated metal, galvanized metal, masonite, particle board, or other like products are allowed. For products and materials not mentioned above, the Architectural Review Board retains the right to determine if such material or product is allowed to be used. Also, no single wide manufactured home shall be allowed on the property.

All parties are put on notice that the maximum size of vehicle with load that can pass through the Subdivision entrance is twenty-two (22) feet wide and eighteen (18) feet tall.

In addition, all homes must have at least some architectural features such as porches, balconies, pop-out windows, upgraded wainscot, dormers, valley-hips, vigas, latillas, belly-bands, borders, arabesque windows, bay windows, colored concrete, built-in planters, or accent walls. The level of upgraded features is at the discretion of the Architectural Review Board with consideration given to overall quality of the proposed construction. Also, outside lighting must be directed downward so to minimize light pollution. Dusk-to-dawn outside lights are prohibited. Motion sensor lights with automatic turnoffs are to be used instead. The Architectural Review Board shall have all powers under law and equity to enforce its decisions, including, but not limited to, obtaining temporary restraining orders, refusal of request for water service, and suits for damages.

All structures must have standard architectural appearance and no non-conventional structures are allowed which would interfere with the conformity and aesthetics of the environment or development. No tires, stones or unsightly objects shall be placed on the roof of any dwelling. No shiny, galvanized or corrugated metal roofs shall be used on any building. Painted propanel metal roofs are approved. Colors must be forest and earth-tone colors (i.e., browns, grays, tans, greens, etc.) with no bright or garish colors. For structures that violate these restrictions, the Architectural Review Board is specifically granted the power to obtain injunctions to stop construction, order changes to a structure, or force removal of a structure as deemed appropriate by the Architectural Review Board.

All exterior construction of any buildings permitted must be completed within twelve (12) months of the start of construction. The primary residence shall be a minimum of fifteen hundred (1,500) square feet in ground floor building area. The first dwelling unit built on a Lot is to be considered the primary residence. The guesthouse must be at least eight hundred (800) square feet in ground floor building area. Accent walls and fences should be built with materials and colors that compliment the buildings constructed and be constructed so as to conform with the aesthetics of the environment. Landscaping around structures should be tasteful and blend with the natural setting of the Project. Manufactured homes must be ground-set in a professional manner. Ground-set shall mean that the finished floor elevation of the home shall be no more than twelve (12) inches above the level of the undisturbed ground, and the ground must be graded so as to establish a positive grade around the home for drainage of water away from the home. Exterior walls and stem walls shall extend down to the ground level and shall be finished at a minimum with the same products and materials as the exterior walls of the home, or use an upgraded product to complement the overall look of the manufactured home. All available utilities and water and septic shall be properly installed with said structure within a two (2) month period of time of substantial exterior completion.

All exterior walls of homes, whether or site built, must be finished and maintained in good condition and repair. Outbuildings shall not exceed thirty (30) feet in height. Outbuildings may have metal exterior walls if such walls have a factory painted finish in an allowable color and acceptable roof material.

Section 11. Factory made recreational vehicles and travel trailers may be used on an occasional basis for recreational use and may be stored on the property out of sight from any roadway. They may also be used as a temporary residence during construction of a site built home or during preparation of the property for a manufactured home. In no event shall these be used as permanent residences or in any way, be permanently attached to the land. Owners and/or their guest may not live in an RV, travel trailer or camp on the land in any other form for more than three (3) months in any calendar year.

Section 12. In no event shall an owner discharge sewage onto their property. The Owner must comply with all state and/or county health department guidelines; whichever is more restrictive, when installing a septic system.

Section 13. No hunting or discharge of firearms, including trapping, shall be permitted within the Property.

Section 14. All survey pins and markers within the Property including those found within the Lots are to be left in the place and condition in which they were originally set.

Section 15. Alterations in the surface grade of a Lot may have a material and detrimental affect to surface water drainage to and from other Lots and shall be approved by the Board of Directors prior to any work being done by an Owner that would change the grade of, or surface drainage to and from, the Owner's Lot. Each Owner is responsible for installing appropriate culverts, when a Lot's driveway is installed, so as to not adversely affect the surface water drainage within the Property or on the roadside.

ARTICLE VI MISCELLANEOUS

Section 1. Enforcement. Each Owner shall comply strictly with the covenants, conditions, restrictions, and easements set forth in this Master Declaration. In the event of a violation or breach, or threatened violation or breach, of any of the same, the Declarant, the Association, or any Owner, jointly and severally, shall have the right to proceed at law or in equity for the recovery of damages, reasonable monetary fines and other sanctions for violations of this Master Declaration or any supplemental declaration hereto, for injunctive or other equitable relief, or all of the foregoing. If any Owner or the Association is the prevailing party in any litigation involving this Master Declaration, then that party also has a right to recover all costs and expenses incurred (including reasonable attorneys' fees and paralegal fees together with any applicable sales or use tax thereon). Failure by the Declarant, the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

In addition to the above rights, the Association shall have a Right of Abatement if the Owner fails to take reasonable steps to remedy any violation or breach within thirty (30) days after written notice sent by certified mail. A Right of Abatement, as used in this Section means the right of the Association, through its agents and employees, to enter at all reasonable times upon any Lot or structure, as to which a violation, breach or other condition to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach, or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act by reason of such entry and such actions; provided, such entry and such actions are carried out in accordance with the provisions of this Article. The cost thereof including the costs of collection and reasonable attorneys' fees, and paralegal fees (together with any applicable sales or use tax thereon) together with interest thereon at higher of the rate of eighteen percent (18%) per annum or the Judgment Rate of Interest established pursuant to Section 56-8-4 of the New Mexico Statutes Annotated, as amended from time to time, shall be a binding personal obligation of such Owner, enforceable at law, and shall be a lien on such Owner's Lot enforceable as provided herein.

Section 2. Severability. If any term or provision of this Master Declaration or the Association Documents or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Master Declaration and the Association Documents, and the applications thereof, shall not be affected and shall remain in full force and effect and to such extent shall be severable.

Section 3. Duration. This Master Declaration, inclusive of all easements reserved by or on behalf of the Declarant or Association, shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Owner of any land subject to this Master Declaration, their respective heirs, legal representatives, successors and assigns, for a term of twenty (20) years unless an instrument signed by the then record Owners of all of the Lots has been recorded, agreeing to change this Master Declaration in whole or in part. This Master Declaration shall automatically renew each ten (10) years thereafter unless a

decision to not renew this Master Declaration has been approved by vote, in person or by proxy, of at least two-thirds (2/3) of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened and held prior to the date of automatic renewal. This Master Declaration may be terminated upon unanimous vote, or written consent in lieu thereof, of all Owners and holders of first mortgages on the Lots; provided, that the terms governing the easements herein granted, including, specifically, the easements reserved by or on behalf of the Declarant or Association, shall not be affected by any such termination or by the failure of the renewal of this Declaration.

Section 4. Amendment. This Master Declaration may be amended by an instrument signed by the duly authorized officers of the Association provided such amendment has been approved by vote, in person or by proxy, of at least two-thirds (2/3) of the total of votes of all Members able to be cast at any regular or special meeting of the Members duly called and convened and held to approve such amendment. Any amendment, to be effective, must be Recorded. Notwithstanding anything herein to the contrary, so long as the Declarant shall own any Lot, no amendment shall diminish, discontinue, or in any way adversely affect the rights of the Declarant under this Master Declaration.

Section 5. Supplemental Declarations; Annexation of Additional Property. Declarant may, from time to time, add lands to the Property by the filing of a supplemental declaration declaring such annexed lands to be subject to the provisions hereof, with such modifications and additions as may be applicable to such annexed lands. Upon the filing of such a supplemental declaration, the Lots and lands annexed thereby shall become subject to this Master Declaration, to the assessment provisions hereof, and to the jurisdiction of the Association.

Section 6. Amplification. The provisions of this Master Declaration and any Supplemental Declaration are amplified by the Association Documents; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Master Declaration and any applicable Supplemental Declaration on the one hand, and the Association Documents on the other, and such shall be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Master Declaration control over any terms or provisions in the Articles or By-Laws to the contrary.

Section 7. Permission. When any act by any party affected by this Master Declaration, which by the terms of this Master Declaration requires the permission or consent of the Declarant, such permission or consent shall only be deemed given when it is in written form, executed by the Declarant.

Section 8. Applicable Law. The law of the State of New Mexico shall govern the terms and conditions of this Master Declaration.

Section 9. Notice. Unless otherwise stated herein, any notice required or permitted to be given pursuant to this Master Declaration shall be in writing sent by prepaid, first class mail to such address of the Person to be notified as such Person may have designated or as

would be reasonably anticipated to effectuate receipt of the notice. Any such notice shall be effective upon mailing in conformity with this Master Declaration. If any Person consists of more than one (1) Person or entity, notice to one as provided herein shall be notice to all.

Section 10. Declarant and Association. Notwithstanding anything contained herein or in the articles of incorporation, by-laws, any rules or regulations of the Association or any other document governing or binding the Association (collectively the "Association Documents"), neither the Association nor the Declarant nor any officer or employee thereof shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any owner, occupant or user of any portion of Property including, without limitation, residents and their families, guests, invitees, agents, servants, contractors or subcontractors or for any property of any such persons. Each Owner (by virtue of his acceptance of title to his Lot) and each other person having an interest in or lien upon, or making any use of, any portion of the properties (by virtue of accepting such interest or lien or making such uses) shall be bound by the terms and provisions of this Section and shall be deemed to have automatically waived any and all rights, claims, demands and causes of action against the Association arising from or connected with any matter for which the liability of the Association has been disclaimed in this Section.

IN WITNESS WHEREOF, the Declarant has caused these presents to be executed in its name by its officers thereunto duly authorized on the day and year first above written.

Spring Canyon Ranch, L.L.C.

By David Wolfswinkel
David Wolfswinkel/Manager

STATE OF New Mexico)
) ss
COUNTY OF Catron)

The foregoing instrument was acknowledged before me this 3 day
of July, 2007 by David Wolfswinkel, Manager, Spring Canyon Ranch,
L.L.C.

Elizabeth S. Zuercher
Notary Public

My commission expires: 1/15/09

**SECOND AMENDMENT
TO
MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR SPRING CANYON RANCH**

This Second Amendment is made this 30 day of May, 2008 to that certain Amended Master Declaration of Covenants, Conditions, Restrictions and Easements for Spring Canyon Ranch ("Master Declaration") recorded on July 3, 2007 at Instrument 020057178 of the records of Catron County, New Mexico. Pursuant to the powers under Article VI, section 4 of the Master Declaration, Article V of the Master Declaration is hereby repealed, revoked, cancelled and of no more force or effect and is hereby replaced by Amended Article V as detailed below.

**AMENDED ARTICLE V
COVENANTS, CONDITIONS AND RESTRICTIONS**

The following covenants, conditions, restrictions are herewith imposed on the Lots within the Property:

Section 1. Natural vegetation shall be left undisturbed, except for such clearing necessary to use the Lot for its intended residential purpose and for creating defensible spaces for protection from wildfires around all buildings in accordance with New Mexico Department of Energy, Minerals and Natural Resources, State Forestry Division, guidelines. These guidelines may be obtained by calling 505-835-9359. No logging or tree cutting operations are to be conducted on any Lots except to thin trees where necessary. The natural beauty of the land must be preserved and maintained.

Section 2. All trash or junk shall be deposited in sanitary containers and hauled to the County landfill or, if available, a community solid waste collection facility. Storing of trailers, boats, campers, cars or horse trailers shall be kept reasonably out of sight so as not to be a visual nuisance to adjoining properties; either in a garage or approved outbuilding, along side yards in a neat, inconspicuous manner, or within fenced or planted perimeters. Under no circumstances may a stored trailer be lived in during the period of storage. No junk vehicles or junk mechanical equipment of any kind are permitted on the property. No motor vehicle which is under repair and not in operating condition shall be placed or permitted to remain on the road or any portion of any lot unless it is within an enclosed garage or structure. None of the land shall be used, in whole or in part, for the storage of any property or thing that will cause the land to appear in an unclean or untidy condition, or that will be obnoxious to the eye; nor shall any substance or material be kept upon the land that will emit a foul or obnoxious odor, or cause any noise that will or might disturb the peace, quiet, comfort or serenity of the

occupants of the surrounding property. No tar paper shacks or dilapidated unkempt RV trailers or storage buildings are to be constructed or placed on the property. All residential structures are to be built to current New Mexico State Code Standards at the time of construction. All homes and outbuildings are to be of a professional quality and workmanship. In addition, all buildings must be approved by the Architectural Review Board according to the criteria in Section 10 below. The Architectural Review Board has full power and authority to interpret and implement this Master Declaration. The Architectural Review Board may set forth additional standards, procedures, guidelines (including fees and fines) that it deems necessary to implement and enforce this Master Declaration. The Architectural Review Board may, from time to time, adopt, amend, and repeal such standards, procedures, and guidelines.

Section 3. All Lots within the Subdivision are subject to a fifteen (15) foot wide public utility easements along the side and rear Lot lines, subject to a twenty (20) foot wide access and utility easement along the Subdivision boundary, and subject to a ten (10) foot wide utility easement along road right-of-ways. No fence shall be constructed within the ten (10) foot easement along the road right-of-ways. All road right-of-ways and common areas within the Subdivision are for the purpose of ingress, egress and utilities. There are twenty (20) foot wide private easements for access to public lands as shown on the Subdivision Plat. In addition to the easements, each Lot is subject to the following set-back requirements: no building structure, home, recreational vehicle, camper, trailer or tent shall be nearer than seventy-five (75) feet to the street line, nor nearer than thirty (30) feet to the side Lot line, nor nearer than forty (40) feet from the rear Lot line. Lot owners on the perimeter of the Project must leave the boundary fence intact, or install a gate which is strong enough to keep out cows. All Landowners agree to conduct themselves so as to not interfere with the quiet enjoyment of the other Owners. Excessive noise from music, vehicles or other sources is strictly prohibited.

Section 4. No business or commercial ventures may be conducted on any of the Lots except if (a) such use is incidental to the primary use of the Lot for residential purposes or (b) such business or commercial venture is a limited home-based business which does not require a large number of customers, deliveries or shipping and must be fully contained inside the dwelling units on the Lot. The allowed business or commercial use shall also not interfere with the quiet enjoyment of the adjacent Lots or of the Common Area and shall not cause excessive use of the Subdivision utilities or Common Areas.

Section 5. Animals shall be confined within the boundaries of each Lot; they shall not be allowed to graze on adjoining properties. A maximum of four (4) livestock are allowed per Lot. Livestock shall include horses, ponies, llamas, cows, donkeys, and sheep, and other such live animals. Livestock must be kept in sanitary conditions. No pigs or pot-bellied pigs shall be raised on any of the Lots within Spring Canyon Ranch with the exception of school or 4-H projects. Each Lot shall be allowed no more than ten (10) chickens or other poultry, which number will be reduced if such poultry become a nuisance to surrounding owners. Poultry must be kept in a confined space. There shall be no more than four (4) dogs or a total of six (6) dogs and cats maintained on a Lot. Dogs must be kept on leashes or within the boundaries of the Owner's property. Dogs

shall not be allowed to roam freely throughout the development, or else the dogs will become subject to capture and removal by the appropriate authorities. Excessive barking, howling or other noise by dogs or other animals is prohibited as this violates the right of all owners to the quiet enjoyment of their Lots.

Section 6. All structures, except antennas and windmills, shall not be more than thirty (30) feet in height.

Section 7. No Lot within the Property may be split into additional Lots. A portion of the Lot may be deeded to a public or private utility, in which event the remaining portion of said Lot shall be treated as a whole Lot for the purpose of this provision.

Section 8. Reflective address signs for emergency purposes may be placed on the driveway and must be maintained by Owner.

Section 9. All Lots are restricted to one (1) primary residence per Lot and one (1) guesthouse per Lot. In no event shall the guesthouse be inhabited on a full-time basis. No lot shall drill a well without permission of the State of New Mexico. If an Owner drills a well, it will not relieve him of paying (or his Lot from the assessment for) the water standby fee, if any, and the full amount of the Association dues.

Section 10. All structures that are proposed to be built or placed upon the Property must be approved in writing by the Architectural Review Board before being delivered to or constructed upon the Property. The Architectural Review Board and the Association Officers and Board retain the right to inspect the structure at the time of delivery to the subdivision and have full power and authority to refuse entry to the subdivision of all non-conforming structures. In order to issue an approval, the Architectural Review Board requires a signed application, two complete sets of architectural plans, four-sided elevations, construction drawings showing garage and how the garage attaches to the breezeway or the home, drawing showing utility connections, foundation drawings, finished floor heights, contractor contact information, livable square footage and garage square footage, driveway and culvert information, permits, plot plan showing actual location of structures within required setbacks, fencing plan if any, color samples, material samples, and any other information or materials that the Architectural Review Board deems necessary. Failure to provide the requested information or material will result in an automatic denial of the request. Modular, panelized, manufactured, prefabricated, and pre-erected homes (collectively known as "manufactured homes") are permitted upon all Lots as a single family dwelling as well as site built homes, provided they are new and have not been placed or set upon any other property. However, all homes must either be constructed on a permanent foundation or placed and strapped down on a permanent foundation. Mobile homes are not permitted on the Property. All homes of any type must have shingled, tile or factory-finish metal roofs, gable ends, eaves around the entire building. All homes must have 2 x 6 or equivalent exterior wall construction, 2 x 4 interior walls, 2 x 8 floor joists, if applicable, 30 pound roof loading with trusses on 16 inch centers, if applicable, and either an **attached** 2-car garage, or an unattached 2-car garage that has a covered breezeway (aka "gangway") between the

garage and the home. The roof of the covered breezeway must connect to and integrate into the roof and/or structure of both the home and the garage. The exterior of all garages, whether attached or detached, must match the exterior of the home as to color, architecture and materials. The minimum size of the garage is 18 feet in width and 20 feet in depth, which is 360 square feet in size. The exterior walls of all structures built must be covered by two-coat stucco, stone (including cultured stone), brick, wood, lapped wood, log, or other such upgraded products. It is preferred that, where appropriate and at the sole discretion of the Architectural Review Board, material having a recognizable grain or form (such as, wood and log) be installed in a horizontal pattern rather than vertically. No unfinished metal, corrugated metal, galvanized metal, masonry, particle board, cement, or other like products are allowed. For products and materials not mentioned above, the Architectural Review Board retains the right to determine if such material or product is allowed to be used and how the material or product is to be installed.

All parties are put on notice that the maximum size of vehicle with load that can pass through the Subdivision entrance is twenty-two (22) feet wide and eighteen (18) feet tall.

In addition, all homes must have at least some architectural features such as porches, balconies, pop-out windows, upgraded wainscot, dormers, valley-hips, vigas, latillas, belly-bands, borders, arabesque windows, bay windows, colored concrete, built-in planters, or accent walls. The level of upgraded features is at the discretion of the Architectural Review Board with consideration given to overall quality of the proposed construction. Also, outside lighting must be directed downward so to minimize light pollution. Dusk-to-dawn outside lights are prohibited. Motion sensor lights with automatic turnoffs are to be used instead. The Architectural Review Board shall have all powers under law and equity to enforce its decisions, including, but not limited to, obtaining temporary restraining orders, refusal of request for water service, and suits for damages.

All structures must have standard architectural appearance and no non-conventional structures are allowed which would interfere with the conformity and aesthetics of the environment or development. No tires, stones or unsightly objects shall be placed on the roof of any dwelling. No shiny, galvanized or corrugated metal roofs shall be used on any building. Painted propanel metal roofs are approved. Colors must be forest and earth-tone colors (i.e., browns, grays, tans, greens, etc.) with no bright or garish colors. For structures that violate these restrictions, the Architectural Review Board is specifically granted the power to obtain injunctions to stop construction, order changes to a structure, or force removal of a structure as deemed appropriate by the Architectural Review Board.

All exterior construction of any buildings permitted must be completed within twelve (12) months of the start of construction. The primary residence shall be a minimum of fifteen hundred (1,500) square feet in livable area. For a two-story primary residence, the ground floor must be at least eleven hundred (1,100) square feet in livable area. In order to be counted as livable area, floor space must be in an enclosed and heated area.

Balconies, patios, garages, and porches are not considered livable square footage. A loft on the second floor of a residence is considered livable square footage, as long as some portion of the loft has a ceiling height of at least 7 feet and has electric outlets. The first dwelling unit built on a Lot must be the primary residence, unless an approved guesthouse is built with an attached two-car garage (for a total building size of at least 1,160 square feet) and full documentation has been submitted for an approved primary residence that is to be completed within 12 months of the completion of the guesthouse with attached garage. If the guesthouse with attached two-car garage is built, then no additional garage is required when the primary residence is built. The guesthouse must be at least eight hundred (800) square feet in ground floor building area. Accent walls and fences should be built with materials and colors that compliment the buildings constructed and be constructed so as to conform with the aesthetics of the environment. Landscaping around structures should be tasteful and blend with the natural setting of the Project. Manufactured homes must be ground-set in a professional manner. Ground-set shall mean that the finished floor elevation of the home shall be no more than twelve (12) inches above the level of the undisturbed ground, and the ground must be graded so as to establish a positive grade around the home for drainage of water away from the home. Exterior walls and stem walls shall extend down to the ground level and shall be finished at a minimum with the same products and materials as the exterior walls of the home, or use an upgraded product to complement the overall look of the manufactured home. All available utilities and water and septic shall be properly installed with said structure within a two (2) month period of time of substantial exterior completion.

All exterior walls of homes, whether or site built, must be finished and maintained in good condition and repair. Outbuildings shall not exceed thirty (30) feet in height. Outbuildings may have metal exterior walls if such walls have a factory painted finish in an allowable color and acceptable roof material. Metal storage containers are allowed, not to exceed two containers per lot, provided that the containers are in good condition, are painted in an allowable color, and are placed in a location approved in writing by the Architectural Review Board.

Section 11. Factory made recreational vehicles and travel trailers may be used on an occasional basis for recreational use and may be stored on the property out of sight from any roadway. They may also be used as a temporary residence during construction of a site built home or during preparation of the property for a manufactured home. In no event shall these be used as permanent residences or in any way, be permanently attached to the land. Owners and/or their guest may not live in an RV, travel trailer or camp on the land in any other form for more than three (3) months in any calendar year.

Section 12. In no event shall an owner discharge sewage onto their property. The Owner must comply with all state and/or county health department guidelines; whichever is more restrictive, when installing a septic system.

Section 13. No hunting or discharge of firearms, including trapping, shall be permitted within the Property.

Section 14. All survey pins and markers within the Property including those found within the Lots are to be left in the place and condition in which they were originally set.

Section 15. Alterations in the surface grade of a Lot may have a material and detrimental affect to surface water drainage to and from other Lots and shall be approved by the Board of Directors prior to any work being done by an Owner that would change the grade of, or surface drainage to and from, the Owner's Lot. Each Owner is responsible for installing appropriately sized culverts which shall be no less than 20 feet long and have a minimum diameter of 12 inches, when a Lot's driveway is installed, so as to not adversely affect the surface water drainage within the Property or on the roadside. Any culverts previously installed that are not at least 20 feet long and 12 inches in diameter, and that are to be replaced for any reason, shall be replaced with a culvert of at least 20 feet in length and 12 inches in diameter.

IN WITNESS WHEREOF, the Declarant has caused this Second Amendment to be executed in its name by its duly authorized officer and to be effective as of the date first above written.

Spring Canyon Ranch, L.L.C.

By *David Wolfswinkel*
David Wolfswinkel, Manager

STATE OF Arizona)
) ss
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 30 day
of May, 2008 by David Wolfswinkel, Manager, Spring Canyon Ranch,
L.L.C. on behalf of the L.L.C.

Deborah A. Frew
Notary Public

My commission expires: 12/26/08

