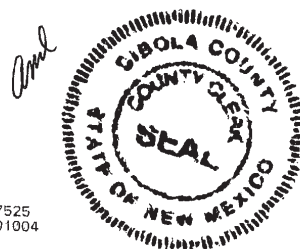


**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR CERTAIN LOTS IN
TIERRA VERDE RANCHETTES
CIBOLA COUNTY, NEW MEXICO**

GRACE FAMILY, L.L.C., a New Mexico limited liability company, being the owner of 63 lots in Tierra Verde Ranchettes, Cibola County, New Mexico, as more particularly described on Exhibit "A" hereto (the "Lots"), does hereby declare, for itself, its successors and assigns, that all of the Lots, including any constituent lots or tracts created from the original Lots, shall be subject to and encumbered by the following restrictive and protective covenants; and that all conveyances of said Lots shall be subject to said covenants whether or not the same are embodied in the conveyances or other instruments affecting title thereto.

ALL LOTS ARE SUBJECT TO THE FOLLOWING RESTRICTIONS:

1. Lots of 10 acres or less shall not be further subdivided. 40-acre Lots may each be further subdivided into a total of four (4) lots, but only after two (2) years from the date of the initial conveyance of that Lot by Declarant, and no resulting tract shall be less than 5 acres.
2. There shall be a limit of one dwelling, including guest houses, on lots of 5 acres or less; two dwellings, including guest houses, per 10-acre Lot; and four (4) dwellings, including guest houses, per 40-acre Lot.
3. No single-wide mobile homes are permitted on the Lots. Double-wide manufactured homes are permitted if skirted. Camp trailers or travel trailers may be used as recreational dwellings, i.e. for camping or other seasonal use, provided such structure or vehicle is not used as a permanent residence. In the event that any improvement upon any Lot is destroyed wholly or partially by fire or other casualty, the damaged portion of the structure and associated debris shall be removed from the lot by the owner of the lot, or the owner's designee within 90 days after the fire.
4. No Owner, or guests of an Owner, may use a 4-wheel recreational vehicle within the adjacent James Valley Ranch and Big Pine Subdivisions. Use of such vehicles within Tierra Verde Ranchettes or the adjacent National Forest shall be confined to utilitarian purposes and quiet recreation. There shall be no offensive use of such vehicles within or near Tierra Verde Ranchettes, including without limitation the creation of race tracks or the conduct of sporting events.
5. No item that would be classified as junk by an ordinary person shall be permitted on any of the Lots, unless it is completely concealed from view. Junk includes, but is not limited to, inoperable vehicles, parts from motor vehicles and equipment, industrial parts and supplies, scrap metal, pipe, old containers, salvage materials, refrigerators, freezers and building materials not part of an ongoing project on the lot.



6. Septic systems shall be built, operated, and maintained in accordance with the requirements established for the property by State and County Regulations. The plumbing and water system of any dwelling shall not be used until the sewage and liquid waste disposal system is built and fully operated. No components of a liquid waste system which discharges into a leaching system shall be located within 100 feet of an existing well.

7. Animals shall be limited to family pets and livestock raised for sustainable living. Livestock shall not be raised or bred on the Lots for commercial purposes. All animals must be kept within a fenced area on the Owner's Lot, and such fences shall not be placed across roads. Animals shall be maintained in a manner consistent with best terrain management practices, and shall not overburden the soils and other features of the environment. No animals creating excessive noise or odor shall be kept on any Lot. Animals such as dogs and cats shall be restrained from interfering with or killing wildlife native to or found in the Subdivision.

8. No hunting shall be permitted within Tierra Verde Ranchettes, and no discharge of firearms shall be permitted except in self-defense.

9. Once begun, exterior construction of any structure shall be completed within one (1) year.

10. The Declarant hereby reserves the right without the consent of any other Owners, to grant or create temporary or permanent easements for utilities within Tierra Verde Ranchettes, provided that such additional easements shall not impact unreasonably any Owner's residence or proposed building site.

11. Each of the purchasers of a Lot from Declarant, and that purchaser's successors-in-interest, shall be entitled to access his or her Lot by means of the road network constructed by Declarant from Highway 53 and County Road 47, i.e. Old Cabin Road, James Valley North, James Valley Road and Mason Ranch Road (the "James Valley Road System"). The right to use the James Valley Road System is appurtenant only to the Lot(s) purchased from Declarant, and the James Valley Road System may not be used to access other lots or tracts in Tierra Verde Ranchettes not purchased from Declarant. Declarant is not the original developer of Tierra Verde Ranchettes, and takes no responsibility for the locations of roads and easements within Tierra Verde, or for the quality or maintenance of those roads. Each purchaser from Declarant is buying his or her Lot, and the roads within Tierra Verde providing access to his or her Lot, "as is".

12. All Lots shall be subject to the obligation to pay the sum of \$100.00 per year towards grading and other maintenance of the James Valley Road System. The assessment shall be collected during the period from February 1 through February 15 of each year. This obligation shall apply regardless of whether a home or other improvement has been developed on a Lot; provided however that if a Lot is owned by a James Valley Ranch lot owner who is already paying assessments for maintenance of the James Valley Road System, that owner shall not be required to pay assessments attributable to ownership of the Tierra Verde Lot until such time as the Lot has been developed with a home. Declarant will not create a homeowners association for this purpose, and membership in an association will not be required. Rather, said assessments shall be paid to the Road Administrator for the James Valley Subdivision, and used primarily for grading and maintenance of Mason Ranch Road, with excess funds applied to maintenance of the remainder of the James Valley Road System. During any period of time when there is no James Valley owner who is willing to serve as the road administrator, the Owners' obligations to pay assessments under this Declaration shall be suspended.

13. If the Owner of any Lot fails to pay an assessment as provided herein, such Owner shall be in default, and the administrator may give him notice in writing of such default. If the default is not fully corrected within fifteen (15) days after such notice, then some or all of the other Owners of lots in James Valley or Tierra Verde may commence a legal action to require the defaulting Owner to pay the delinquent assessment. If the Owners bringing the lawsuit obtain substantially the relief sought in such legal action, the defaulting Owner shall pay: a) interest on the unpaid balance at 1 1/2% percent per month accruing from the due date; b) the prevailing parties' reasonable attorneys' fees and c) other related costs in connection with such legal action.

14. In addition to the right hereunder to bring a legal action, if any party is in default in paying any assessment, the amount of the delinquency, together with interest on the unpaid balance at 1 1/2% per month and reasonable attorneys' fees and other related costs in connection with the collection of the delinquency, shall become a lien upon the Lot of the delinquent owner upon the recording in the Cibola County Clerk's Office by the James Valley road administrator of a notice of lien. The notice of lien shall also be mailed to the last known address of the defaulting Owner. Such lien shall contain the property description of the Lot burdened with the lien, the name of the reputed owner thereof, and a general description of the delinquent amount. Such lien may be foreclosed in the manner provided by law for the foreclosure of mechanics and materialmen's liens. The lien of the assessments provided for herein shall be subordinated to the lien of any first mortgage. Sale or transfer of any Lot shall not extinguish the assessment lien.

15. The Declarant, without the joinder of any other Owners, shall have the right to amend these covenants and restrictions by an instrument in writing duly signed, acknowledged and recorded for the purpose of correcting any typographical or grammatical error, oversight, ambiguity or inconsistency appearing herein; provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development, and shall not impair or adversely affect the vested property or other rights of any Owner or his mortgagee.

16. Each Owner shall comply with the Subdivision Restrictions and shall cause and be responsible for the Owner's family, agents, guests, contractors, employees and any person renting or leasing Owner's home to do likewise. Except as otherwise provided in this Declaration, each Owner of a Lot and each owner of a James Valley lot shall have a right of action against an Owner subject to this Declaration for failure to comply with any provision of the Subdivision Restrictions. In the event of any action, suit or proceeding arising from or based on this Declaration brought by any party against any other party subject to this Declaration, the prevailing party shall be entitled to recover from the non-prevailing party his or her attorney's fees and costs in connection herewith.

17. This Declaration may be amended by a vote of Owners of at least two-thirds (2/3) of the Lots, including constituent tracts created from further divisions of the original Lots. Notwithstanding the foregoing, any amendment to the provisions concerning maintenance of the James Valley Road System may not be amended without the consent of the owners of at least two-thirds of the Lots in the James Valley Subdivision. Any amendment must be in writing and shall be executed by the Owners whose approval is required for such amendment. All amendments shall be filed for record in Cibola County, New Mexico.

18. Failure to enforce any restriction, condition, covenant or agreement herein contained shall be in no event deemed a waiver of the right to do so thereafter as to the same breach or as to one occurring prior or subsequent thereto. In the event any covenant or condition or restriction hereinabove contained, or any portion thereof is invalid or void, such invalidity or void shall in no way affect any of the other covenants, conditions or restrictions which shall remain in full force and effect.

19. Some of the Lots are encumbered by Restrictions and Protective Covenants executed by the original developer of Tierra Verde Ranchettes, Tierra Verde Investors, and placed on the plats by which the Lots were created. In the event of any conflict between the provisions of this Declaration and the prior Restrictions and Covenants, the more restrictive provision shall apply.

WITNESS its hand and seal on this 14th day of March, 2006.


GRACE FAMILY, L.L.C.,
A New Mexico limited liability company

By: [Signature]
A. James Grace, Managing Member

ACKNOWLEDGMENT

STATE OF VERMONT)
) SS
COUNTY OF RUTLAND)

On this 14th day of March, 2006, before me appeared A. James Grace, Managing Member of Grace Family, L.L.C., a New Mexico limited liability company, who executed the foregoing Declaration of Restrictive Covenants on behalf of said company.

[Signature]
Notary Public


My Commission Expires:

2-10-07

EXHIBIT A

UNIT 1

Lot 1
Lot 2
Lot 32
Lot 33
Lot 34

UNIT 2

Lot 42 A
Lot 49 A

UNIT 4

Lot 1 A	Lot 13	Lot 33 A
Lot 2	Lot 14	Lot 34
Lot 3	Lot 15	Lot 63
Lot 4	Lot 16	Lot 64 A
Lot 5	Lot 25	Lot 65 A
Lot 6	Lot 26	Lot 66
Lot 7	Lot 27	Lot 113
Lot 8	Lot 28	Lot 114
Lot 9	Lot 29	Lot 115
Lot 10	Lot 30	Lot 116
Lot 11	Lot 31	Lot 117
Lot 12	Lot 31 A	Lot 118

UNIT 5

Lot 67	Lot 82
Lot 68	Lot 83
Lot 69	Lot 84
Lot 71	Lot 85
Lot 72	Lot 86
Lot 75	Lot 87
Lot 76	Lot 88
Lot 79	Lot 89
Lot 80	Lot 92
Lot 81	Lot 93