
STATEMENT AS TO DRAFT DISCLOSURE REGARDING DISTRICT SPECIAL LEVY

LOMAS ENCANTADAS/ENCHANTED HILLS PUBLIC IMPROVEMENT DISTRICT
NOTICE OF IMPOSITION OF SPECIAL LEVY

NOTICE IS HEREBY GIVEN of the imposition of a special levy (“Special Levy”) by the Lomas Encantadas/Enchanted Hills Public Improvement District (the “District”) on the real property located within the District (more particularly described in the attached Exhibit A, which is hereby incorporated into and made a part of this Notice). Pursuant to NMSA 1978, § 5-11-20(C) (2013) the maximum annual amount of the Special Levy that may be imposed on each class of property in the District is identified in the Rate and Method of Apportionment of Special Levy (the “RMA”), which is attached hereto as Exhibit B and is hereby incorporated into and made a part of this Notice.

The Special Levy will be apportioned according to typical lot size and the anticipated maximum annual special levy per dwelling unit is not expected to exceed (i) \$1,779 per year for any residential property with less than two units per acre; (ii) \$1,698 per year for any residential property with two to four units per acre; (iii) \$1,617 per year for any residential property with four to six units per acre; (iv) \$910 per year for any lot within Lomas Encantadas Unit 2D; and (v) \$1,617 per year for any lot within the Enchanted Hills Subdivision of the District. The levy classification and corresponding maximum annual Special Levy amount applicable to each lot is shown on *Exhibit A* to the RMA.

In each year in which the Special Levy is imposed, the District will reapportion the Special Levy to the legal parcels established within the District and existing as of the time of reapportionment in accordance with the RMA. The Special Levy shall be imposed during each year in which notes, reimbursement agreements, bonds, and/or any other obligations of the District are outstanding (collectively the “District Obligations”) or as otherwise necessary to fund the Special Levy Requirement (as defined in the RMA), and the Special Levy will be allocated to real property within the District and the Annual Special Levy shall be collected from each Parcel of Developed Platted Property equal to 100% of the applicable Maximum Annual Special Levy.

As provided in NMSA 1978, § 5-11-20(I) (2013), the Special Levy constitutes a lien on property located within the District, having a priority coequal to the lien of property taxes. The Special Levy shall be subject to foreclosure by the District at any time after six months following written notice of delinquency to the owner of the real property to which the delinquency applies. The lien shall include delinquencies, penalties and interest thereon at a rate not to exceed the maximum legal rate of interest per year and penalties otherwise applicable.

Pursuant to NMSA 1978, § 5-11-23.F (2001) and NMSA 1978, § 5-11-20.I (2013) and Section 4.P of City of Rio Rancho City Council Bill No. _____, City Resolution Enactment No. _____ adopted on _____, the District has established the following foreclosure and redemption procedures (as set forth in paragraphs (i) through (ix) below) for delinquent Special Levies (collectively the “Foreclosure Procedure”):

(i) The District may institute foreclosure proceedings against a delinquent special levy after six months following written notice of the delinquency to the owner of the real property to which the delinquency applies. Delinquencies shall be determined as follows:

- a. On or before December 15 and May 15 of each year in which the Special Levy is in effect, the District Treasurer shall review the public records of Sandoval County relating to the collection of the District Special Levy in order to identify the real property to which any District Special Levy delinquency applies.
- b. Within 60 days after identifying delinquencies in payment of the District Special Levy in each year in which the District Special Levy is in effect, the District shall provide written notice of delinquency (“Notice”) to the owner of any parcel determined to be delinquent, which Notice shall state (1) the amount of the delinquency as of the date of the Notice, (2) that the delinquency, including applicable interest and penalties, must be cured within 180 days following the date of the Notice (the “Notice Date”), and (3) if the delinquency is not cured within that 180-day period, the District or its designee shall have the power to commence foreclosure proceedings with respect to the real property to which the delinquency applies.

- c. Not earlier than 15 days after the expiration of the 180-day period provided in a Notice, the District shall have the power to institute foreclosure proceedings with respect to all parcels or tracts for which a Notice has been provided.
- (ii) Any delinquent District Special Levy shall be foreclosed in the manner provided by law for the foreclosure of mortgages on real estate.
- (iii) In any action seeking the foreclosure of a special levy lien after special levy financing has been issued, if there is no other purchaser for the tract of land having a delinquent District Special Levy, the District or the trustee of the funds from which the special levy financing are to be paid, may:
- a. Purchase the tract or parcel sold at the foreclosure sale; and
 - b. Bid, in lieu of cash, the amount of the special levy, interest, penalties, attorneys' fees, and costs found by the court to be due and payable under the District board of directors' resolution and associated notice documents filed for record in the Sandoval County Clerk's Office, Sandoval County, New Mexico, creating the lien and any cost taxed by the court in the foreclosure proceedings against the property ordered sold.
 - c. Upon the purchase of the tract or parcel, title to the tract or parcel of land, subject to the right of redemption provided by paragraph (vi) of this section, vests in the trustee of the fund from which the special levy financing is payable.
- (iv) No real property shall be sold to satisfy a delinquent assessment until at least fifteen days after the date of the order, judgment or decree of the court, within which time the owner of the tract or parcel of land may pay off the decree and avoid the sale.
- (v) After the expiration of the fifteen-day period, the property may be sold at a public or

private sale subject to the right of redemption.

(vi) Any property sold under any order, judgment, or decree of court to satisfy the special levy lien may be redeemed at any time within one year, pursuant to NMSA § 3-33-30, or as otherwise provided by statute, of the date of sale by the owner or mortgage holder or other person having an interest, or their assigns, by repaying to the purchaser or his assign the amount paid plus interest at the maximum amount of judgment interest allowed by New Mexico law from the date of purchase until paid in full. The proceeds of the sale of the foreclosed tract or parcel of land at either a public or private sale shall be applied as follows:

- a. First, to the payment of costs in giving notice of the sale and of conducting the sale;
- b. Second, to costs and fees taxed against the tract or parcel of land in the foreclosure proceedings;
- c. Third, on a pro rata basis, to the indebtedness claimed under the special levy lien and any other lien on the property that has a priority coequal to the special levy lien;
- d. Fourth, after all costs, liens, assessments, and taxes are paid, to the former owner, mortgage holder or other parties having an interest in the tract or parcel, upon the foregoing person's providing satisfactory proof to the court of the interest and upon approval of the court.

(vii) Receipts for the satisfaction of the indebtedness claimed under the special levy lien shall be paid into the proper District fund for payment of the District Financing, as well as costs of collection and other administrative expenses of the District.

(viii) No public rights of way or public property shall be subject to foreclosure pursuant to this Agreement.

Executed this ___ day of _____, 2016, at Rio Rancho, New Mexico.

LOMAS ENCANTADAS/ENCHANTED HILLS
PUBLIC IMPROVEMENT DISTRICT

By: _____
Its: _____

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

This instrument was acknowledged before me on the ___ day of _____, 2016,
by _____, as _____ of the Lomas
Encantadas/Enchanted Hills Public Improvement District.

(Seal)

Notary Public

My commission expires: _____

EXHIBIT A
LOMAS ENCANTADAS/ENCHANTED HILLS PUBLIC IMPROVEMENT DISTRICT –
LEGAL DESCRIPTION AND BOUNDARY MAP

Tracts Nine (9), Twelve (12), Thirteen (13), Fourteen (14) and Fifteen (15), LOMAS ENCANTADAS, as said tracts are shown and described on the plat entitled "LOMAS ENCANTADAS, TRACTS ONE (1) THRU TWENTY-ONE (21), A THRU D AND PARCELS A THRU J, A VACATION AND REPLAT OF PORTIONS OF UNIT TWENTY", and filed in the office of the County Clerk of Sandoval County, New Mexico on November 10, 2005, in Book No. 408, page 46844, as Document No. 200546844;

AND

Lots numbered One (1) thru Thirteen (13), in Block numbered One (1); Lots numbered One (1) thru Thirteen (13), in Block numbered Two (2); Lots numbered One (1) thru Eighteen (18), in Block numbered Three (3); and Parcel "A", LOMAS ENCANTADAS, UNIT 2-F, as shown and designated on the plat entitled, "LOMAS ENCANTADAS, UNIT 2-F, A SUBDIVISION AND REPLAT OF TRACTS AD AND 11A IN LOMAS ENCANTADAS WITHIN UNIT TWENTY, WITHIN SECTIONS 25 AND 26, T.13N., R.3E., N.M.P.M., SANDOVAL COUNTY, NEW MEXICO", filed in the office of the County Clerk of Sandoval County, New Mexico on April 16, 2008 in Plat Book 3, Folio 2912A;

AND

Tracts Sixteen-B (16B), LOMAS ENCANTADAS, as shown and designated on the plat entitled, "SUMMARY PLAT TRACT 16A AND 16B, A REPLAT OF TRACT 16 WITHIN LOMAS ENCANTADAS IN UNIT TWENTY, WITHIN SECTION 22, TOWNSHIP 13 NORTH, RANGE 3 EAST, NEW MEXICO PRINCIPAL MERIDIAN, CITY OF RIO RANCHO, SANDOVAL COUNTY, NEW MEXICO", filed in the office of the County Clerk of Sandoval County, New Mexico on February 7, 2011 in Plat Book 3, Folio 3296;

AND

Tract A and Lots One (1) through Four (4) in Block One (1) and Lots One (1) through Twenty-four (24) of Block Two (2) and Lots One (1) through Twenty-one (21) of Block Three (3) and Lots One (1) through Twenty-eight (28) of Block Four (4) and Lots One (1) through Six (6) of Block Five (5) of LOMAS ENCANTADAS UNIT 2-D as the same are shown and designated on the plat thereof entitled "LOMAS ENCANTADAS Unit 2-D, A SUBDIVISION OF TRACT 10 UNIT 20 WITHIN SECTION 26, T.13N., R.3E., N.M.P.M. CITY OF RIO RANCHO, SANDOVAL COUNTY, NEW MEXICO", and filed in the office of the County Clerk of Sandoval County, New Mexico on May 9, 2008, in Volume 3, Folio 2920-A (Rio Rancho Estates Plat Book 21, Page 68);

AND

Tract lettered "A" of Enchanted Hills Unit 11A, as shown and designated on the plat entitled "Enchanted Hills Unit 11A, a Subdivision of Unplatted Property within Unit Twenty, within Sections 15 and 22, Township 13 North, Range 3 East, New Mexico Principal Meridian, City of Rio Rancho, Sandoval County, New Mexico", filed in the office of the County Clerk of Sandoval County, New Mexico, on January 30, 2004, in Vol. 3, Folio 2384B.

[Lomas Encantadas/Enchanted Hills Public Improvement District Boundary Map follows]

EXHIBIT B
RATE AND METHOD OF APPORTIONMENT OF SPECIAL LEVY

[The Rate and Method of Apportionment of Special Levy is attached to the Petition as Exhibit D to the Feasibility Study found at Tab 11. The Rate and Method of Apportionment of Special Levy will be attached as Exhibit B to the recorded document.]

NOTICE OF SPECIAL LEVY
LOMAS ENCANTADAS/ENCHANTED HILLS
PUBLIC IMPROVEMENT DISTRICT CITY OF RIO RANCHO, NEW MEXICO

TO: THE PROSPECTIVE PURCHASER OF REAL PROPERTY KNOWN AS Lot _____ in Block _____ of LOMAS ENCANTADAS UNIT _____, as the same is shown and designated on the plat thereof entitled "LOMAS ENCANTADAS UNIT _____, A SUBDIVISION OF TRACT _____ UNIT TWENTY, WITHIN SECTION 26, T. 13N., R. 3E., N.M.P.M., CITY OF RIO RANCHO, SANDOVAL COUNTY, NEW MEXICO", filed in the records of the County Clerk of Sandoval County on _____, in Volume __, Folio _____ (the "Property");

THIS IS NOTIFICATION TO YOU PRIOR TO YOUR ENTERING INTO A CONTRACT TO PURCHASE THE ABOVE REFERENCED PROPERTY. THE SELLER OF THE PROPERTY IS REQUIRED TO GIVE YOU THIS NOTICE AND TO OBTAIN A COPY SIGNED BY YOU TO INDICATE THAT YOU HAVE RECEIVED AND READ A COPY OF THIS NOTICE.

1. The Property will be subject to a special levy, which is in addition to the regular property taxes and any other charges and benefit assessments on the parcel. This special levy will be imposed on the Property because it is located on land (the "Land") comprising the new development known as Lomas Encantadas/Enchanted Hills, which is located within the Lomas Encantadas/Enchanted Hills Public Improvement District (the "District"). If you fail to pay this levy when due each year, the Property may be foreclosed upon and sold. The special levy is used to provide public facilities that will particularly benefit the Property. YOU SHOULD TAKE THIS SPECIAL LEVY AND THE BENEFITS FROM THE PUBLIC FACILITIES FOR WHICH IT PAYS INTO ACCOUNT IN DECIDING WHETHER TO BUY THIS PROPERTY.

2. The maximum annual special levy that may be imposed on the Property during any tax year shall not exceed \$ _____00, except that the amount of special levy actually imposed

may be increased (i) by up to ten percent (10%) as a result of the delinquency or default by the owner of any other parcel within the District or (ii) by an amount to be calculated in accordance with the New Mexico Public Improvement District Act, NMSA 1978, §5-1 1-1 to -27 (2001), as amended (the "Act") and the District's Rate and Method of Special Levy Apportionment due to a change in the zoning or use of the Land or any portion thereof. This special levy for public facilities is levied each year until all authorized facilities are built and all reimbursement agreements are repaid; provided that, in no event will the full special levy be imposed on the Property for a term greater than thirty (30) years, commencing in the Fiscal Year after the Fiscal Year that the Property is developed. Commencing with the thirty-first (31st) Fiscal Year in which the Property has paid the full special levy, the special levy may only be imposed on such Property for the purpose of paying District operating expenses. Additionally, the maximum annual special levy amount described above will be used for the payment of administrative expenses, which include, but are not limited to, a tax collection fee payable to Sandoval County and other fees as required to administer the District.

HOWEVER, IN LIEU OF AN ANNUAL PAYMENT, YOU MAY CHOOSE TO PREPAY AND SATISFY THE SPECIAL LEVY TO BE IMPOSED ON THE PROPERTY. IF YOU WISH TO CHOOSE THIS OPTION, YOU SHOULD SPEAK WITH A REPRESENTATIVE OF THE DISTRICT FOR MORE INFORMATION ON THE PREPAYMENT OPTION.

3. The District will be fiscally self-sufficient and will receive no direct or indirect financial support from the City.

4. The facilities proposed to be paid for by the special levy will include those Public Infrastructure Improvements (as that term is defined in the Act) permitted by City Resolution No. _____ Enactment No. _____. These facilities may not yet have all been constructed or acquired and it is possible that some may never be constructed or acquired. YOU MAY OBTAIN A COPY OF THE FORMATION RESOLUTION, ONCE AVAILABLE, WHICH AUTHORIZES CREATION OF THE DISTRICT, AND WHICH SPECIFIES

MORE PRECISELY HOW THE SPECIAL LEVY IS APPORTIONED AND HOW THE PROCEEDS OF THE SPECIAL LEVY WILL BE USED, BY MAKING THAT REQUEST TO A REPRESENTATIVE OF THE DISTRICT.

I (WE) ACKNOWLEDGE THAT I (WE) HAVE READ THIS NOTICE AND RECEIVED A COPY OF THIS NOTICE PRIOR TO ENTERING INTO A CONTRACT TO PURCHASE OR DEPOSIT RECEIPT WITH RESPECT TO THE PROPERTY.

Executed this _____ day of _____, 20__ at _____
County, New Mexico

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

[Acknowledgements on Next Page]

Acknowledgments

Acknowledgment of husband and wife

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

This instrument was acknowledged before me on _____, 20__, by
_____ and _____, husband and wife.

NOTARY PUBLIC

My Commission Expires:

Acknowledgment of an individual

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

This instrument was acknowledged before me on _____, 20__, by
_____.

NOTARY PUBLIC

My Commission Expires:

Acknowledgment of an individual

STATE OF NEW MEXICO)
) **ss.**
COUNTY OF _____)

This instrument was acknowledged before me on _____, 20__, by
_____.

NOTARY PUBLIC

My Commission Expires:
