

BY-LAWS

OF

COUNTRY CLUB TOWN HOMES,
UNIT OWNER'S ASSOCIATION

ARTICLE I

NAME AND LOCATION

The name of the association is COUNTRY CLUB TOWN HOMES, UNIT OWNER'S ASSOCIATION, hereinafter referred to as the "Association". The principal office of the Association shall be located in Otero County, New Mexico. Meetings of members of the Executive Board may be held at such places, within the County of Otero, State of New Mexico, as may be designated by the Executive Board.

ARTICLE II

DEFINITIONS

SECTION 1: "Unit Owner's Association" shall mean and refer to COUNTRY CLUB TOWN HOMES, UNIT OWNER'S ASSOCIATION, its successors and assigns, which association shall include all of the apartment owners as a group in accordance with the Declaration.

SECTION 2: "Common Elements" shall mean all portions of condominiums other than the units.

SECTION 3: "Limited Common Area" shall mean a portion of the common elements allocated by the Declaration or by operation of Subsections (b) and (d) of Section 14 of the Condominium Act for exclusive use of one or more but fewer than all of the units.

SECTION 4: "Apartment Owner" shall mean and refer to the record owner, whether one or more persons or entities of an apartment unit in fee simple absolute and undivided interest in the fee simple or leasehold estate of the common areas.

SECTION 5: "Declarant" shall mean and refer to CDR Construction, Inc., a New Mexico corporation, and Gary L. Lane, Inc., a New Mexico corporation, collectively referred to as a New Mexico General Partnership, and the successors and assigns of said General Partnership.

SECTION 6: "Declaration" shall mean the Declaration as recorded in the office of the County Clerk of Otero County, New Mexico, and any amendments to such Declaration.

SECTION 7: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

SECTION 8: "Allocated Interest" shall mean the undivided interest in the common elements, the common liability and votes in the association allocated to each unit.

SECTION 9: "Mortgage" shall mean a deed of trust, mortgage or an assignment of a lease for security purposes.

SECTION 10: "Mortgagee" shall mean a beneficiary under or a holder of a deed of trust, mortgage or an assignee of a lease assigned for security purposes.

ARTICLE III

MEETING OF MEMBERS

SECTION 1: ANNUAL MEETINGS. The first annual meeting of the members shall be held within 120 days of the date that 75% of the apartments are first conveyed to a party other than Declarant and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

SECTION 2: SPECIAL MEETINGS. Special meetings of the members may be called at any time by the president or by the Executive Board, or upon written request of the members who are entitled to vote one-fourth (1/4) of all the then existing voting rights.

SECTION 3: NOTICE OF MEETINGS. Written notice of each meeting of the members shall be given by, or at the direction of the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting.

SECTION 4: QUORUM. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, 20% of the then existing voting rights of the membership shall constitute a quorum for any action except as otherwise provided in the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

SECTION 5: PROXIES. At all meeting of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his unit.

ARTICLE IV

EXECUTIVE BOARD; SELECTION; TERM OF OFFICE

SECTION 1: NUMBER. The affairs of this Association shall be managed by an Executive Board of three (3) Directors who need not be members of the Association.

SECTION 2: TERM OF OFFICE. At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years and one director for a term of three years; and at each annual meeting thereafter the members shall elect a director for a term of three (3) years to replace the outgoing director. A director may succeed himself.

SECTION 3: REMOVAL. Any director may be removed from the Executive Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Executive Board and shall serve for the unexpired term of his predecessor.

SECTION 4: COMPENSATION. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 5: ACTION TAKEN WITHOUT A MEETING. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF EXECUTIVE BOARD

SECTION 1: NOMINATION: Nomination for election of the Executive Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall

in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

SECTION 2: ELECTION. Election to the Executive Board shall be by secret written ballot. At such elections the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

SECTION 1: REGULAR MEETINGS. Regular meetings of the Executive Board shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Executive Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

SECTION 2: SPECIAL MEETINGS. Special meetings of the Executive Board shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

SECTION 3: QUORUM. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Executive Board.

ARTICLE VII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

SECTION 1: POWERS. The Executive Board shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereon;

(b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provision of these By-Laws or the Declaration;

(d) declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board; and

(e) to authorize the officers to enter into one or more management agreements with third parties in order to facilitate efficient operation of the Properties. It shall be the primary purpose of such management agreements to provide for the administration, management, repair and maintenance of the Properties, all improvements included therein and designated as common areas, the roof and exterior walls of the units, and the receipt and disbursement of funds as may be authorized by the Executive Board. Any agreement for professional management of the condominium project, or any other contract providing for services by the developer, sponsor or builder, will provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and a maximum contract term of three years.

SECTION 2: DUTIES. It shall be the duty of the Executive Board to:

(a) cause to be kept a complete record of all its acts and association affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agent and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) from time to time, and at least annually, prepare a budget for the Association, determine the amount of the common charges required to meet the common expenses of the Association and allocate and assess such common charges against the unit owners according to their respective common interests. The common expenses shall include, among other things,

the cost of all insurance premiums on all policies of insurance required to be or which have been obtained. The common expenses may also include such amounts as the Executive Board may deem proper for the operation and maintenance of the project property, including, without limitation, an amount for working capital, for a general operating reserve, for a reserve fund for replacements, and to make up for any deficit in the common expenses for any prior year. The common expenses may also include such amounts as may be required for the purchase or lease by the Executive Board or its designee, corporate or otherwise, on behalf of all unit owners, or any unit which is to be sold at a foreclosure or other judicial sale; to levy and collect any special assessments which may be required by paragraph 9(g) or otherwise. The Executive Board shall advise each unit owner in writing of the amount of common charges payable by him, and shall furnish copies of each budget on which such common charges are based to all unit owners and to their mortgagees.

(2) send written notice of each assessment to every owner subject thereto at least thirty (30) day in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same or as provided by these By-Laws.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Executive board for the issuance of these certificates. If a certificate shall be conclusive evidence of such payment;

(e) to procure and maintain adequate liability insurance and to procure adequate hazard insurance on property owned by the Association and to procure insurance on all apartment homes with the Association as Trustee for all members, except to those members who chose to purchase their own insurance as is provided, being shown as one of the directors deem advisable, cause all officers of employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(f) cause the Common Area to be maintained;

(g) cause the exterior of the dwellings to be maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

SECTION 1: ENUMERATION OF OFFICERS. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Executive Board, a secretary and treasurer, and such other offices as the Executive Board may from time to time by resolution create.

SECTION 2: ELECTION OF OFFICERS. The election of officers shall take place at the first meeting of the Executive Board following each annual meeting of the members.

SECTION 3: TERM. The officers of this Association shall be elected annually by the Executive Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to service.

SECTION 4: SPECIAL APPOINTMENTS. The Executive Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

SECTION 5: RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by the Executive Board. Any officer may resign at any time by giving written notice to the Executive Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6: VACANCIES. A vacancy in any office may be filled by appointment by the Executive Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

SECTION 7: MULTIPLE OFFICES. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 8. DUTIES. The duties of the officers are as follows:

President

The president shall preside at all meetings of the Executive Board; shall see that orders and resolutions of the Executive Board are carried out; shall sign all leases, lien statements, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

The vice-president shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Executive Board.

Secretary

The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Executive Board and of members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Executive board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Executive Board.

Treasurer

The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE IX

COMMITTEES

SECTION 1: The Association shall appoint an Architectural Control Committee and a Nominating Committee. In addition, the Executive Board may appoint other committees as deemed appropriate in carrying out its purposes, such as:

- (1) A Recreation Committee which shall advise the Executive Board on all matters pertaining to the recreation program and activities of the Association and shall perform such other functions as the Executive Board, in its discretion, determines;

(2) A Maintenance Committee which shall advise the Executive Board on all matters pertaining to the maintenance, repair or improvement of the Properties, and shall perform such other functions as the Executive Board in its discretion, determines;

(3) A Publicity Committee which shall inform the members of all activities and functions of the Association and shall, after consulting with the Executive Board, make such releases and announcements as are in the best interests of the Association; and

(4) An Audit Committee which shall supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership. The Treasurer shall be an ex-officio member of the Committee.

SECTION 2: It shall be the duty of each committee to receive complaints from members on any matters involving the Association functions, duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE X

BOOKS AND RECORDS

The books and records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration and the By-Laws of the Association, as well as the Management Agreements, shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost. First mortgagees shall have the right to examine the books and records of the Association.

ARTICLE XI

ASSESSMENTS

SECTION 1: Each member is obligated to pay to the Association annual and specific assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 10% per annum. No owner shall waive or otherwise escape liability for the assessments provided for herein by non-use of the common area or abandonment of his unit.

SECTION 2: The Association has a lien on a unit for any assessment levied against that unit or interest imposed against

its unit owner from the time the assessment or interest becomes due. The Association's lien may be foreclosed in like manner as a mortgage on real estate. Unless the Declaration otherwise provides, fees, charges, late charges, fines, interest and reasonable attorney's fees charged pursuant to the power of the Association are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

SECTION 3: Recording of these By-Laws constitutes record notice and perfection of the lien. No further recording of the Claim of Lien for Assessment under this Section is required. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) days after the full amount of the assessments become due.

SECTION 4: The Association upon written request will furnish to a unit owner a recordable statement setting forth the amount of unpaid assessments against his unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, Executive Board and every unit owner.

ARTICLE XII

PROTECTION OF SECURITY INTEREST

SECTION 1: The liens created upon any unit shall be subject and subordinate to, and shall not affect the rights of a mortgagee under any recorded first mortgage upon a unit made in good faith and for value, provided that after the foreclosure of any such mortgage the amount of all maintenance and special assessments, and all development assessments to the extent such development assessments relate to expenses incurred after such foreclosure, assessed hereunder to the purchaser at foreclosure sale, shall become the lien upon such unit upon recordation of a notice thereof with the County Clerk.

SECTION 2: The Unit Owner's Association shall provided all mortgagees requesting same and all insurance carriers and guarantors requesting same, with timely notice of the following:

- (a) any condemnation loss or any casualty loss which affects a material portion of the project or any unit which is subject to a first mortgage held, insured or guaranteed by any such mortgagee or any such insuror or guarantor.
- (b) any delinquency in the payment of monthly assessments, special assessments or other charges due the Unit Owner's Association by the owner of a unit which is subject to a first mortgage held, insured or guaranteed by any mortgagee or insuror or guarantor in which delinquency remains uncured for a period of 30 days or more.

(c) any proposed action which would require the consent or approval of a specified percentage of mortgagees in Section 3 below.

SECTION 3: The prior written approval of 67% of the mortgagees (based on one vote for each mortgage held against a unit) shall be required before the Association shall be entitled to by act or omission seek to abandon or terminate the legal status of the project as a planned unit development.

SECTION 4: The consent of the apartment owner to which at least 67% of the votes of the unit owner's association are allocated and the prior written approval of 51% of the mortgagees (based on one vote for each first mortgage held against a unit) shall be required to add to or amend any material provisions of the By-Laws, Declaration or Restrictive Covenants which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or the subordination of such liens;
- (c) Insurance or fidelity bonds;
- (d) Rights to use of the common areas;
- (e) Responsibility for the maintenance and repair of the project, or any portion thereof;
- (f) Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (g) The boundaries of any unit;
- (h) The convertability of units into common areas or of common areas into units;
- (i) The imposition of any right of first refusal or similar restriction on the right of an apartment owner to sell, transfer, encumber or otherwise convey his or her unit; or
- (j) Any provisions for the express benefit of mortgages having a lien against any unit or insurers and guarantors.

Notwithstanding the foregoing, no addition or amendment to the By-Laws, Declaration or Restrictive Covenants shall be considered material if it is for the purpose of correcting technical errors only, or for verification only. Further, any mortgagee, insurer or guarantor, who receives a written request to approve any addition or amendment subject to this Section and who fails or neglects to deliver or mail, postage prepaid, a negative

written response within 30 days after date of mailing of said notice, shall be deemed to have approved such request.

SECTION 5: By agreement executed by the Unit Owner's Association, the benefits of this Article may be extended to real property security holders not otherwise entitled thereto.

SECTION 6: No violation by an apartment owner of the By-Laws, Declaration or Restrictive Covenants or enforcement of same against an apartment owner shall defeat or render invalid the lien or any mortgagee made in good faith and for value against the property of such apartment owner, but the Restrictive Covenants, By-Laws and Declaration shall be effective against any apartment owner whose title is acquired by foreclosure, trustee's sale, voluntary conveyance or otherwise.

SECTION 7: There shall be no abandonment or termination of the project without the written consent of all mortgagees, except in cases of substantial destruction or a taking by eminent domain.

SECTION 8: No unit shall be partitioned or resubdivided without the written consent of any mortgagee having a security interest in such unit.

SECTION 9: Except as provided in this Article or specifically provided elsewhere in the Restrictive Covenants, all mortgages and mortgagees are bound by the provisions of the Restrictive Covenants.

ARTICLE XIII

AMENDMENTS

SECTION 1: These By-Laws may be amended, at a regular or special meeting of the members, by a vote of 75% of a quorum of members present in person or by proxy.

SECTION 2: In the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

MISCELLANEOUS

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of filing of the Declaration.

IN WITNESS WHEREOF, we being all of the directors of COUNTRY CLUB TOWN HOMES, UNIT OWNER'S ASSOCIATION have hereunto set our hands this 13th day of August, 1986.

