

BYLAWS

OF

COLORES DE CABEZON CONDOMINIUM

OWNERS ASSOCIATION, INC.

ARTICLE I

Plan of Unit Ownership

Section 1. Applicability. These Bylaws provide for governance of the Condominium pursuant to the requirements of §47-7C-6 of the Condominium Act. The Property, located in Sandoval County, New Mexico, and more particularly described in the Declaration, has been submitted to the provisions of the Condominium Act by recordation of the Declaration in the land records of Sandoval County, New Mexico, filed December 13, 2007, as Document No. 200747900. Unless otherwise defined herein, capitalized terms shall have the definitions provided for in the Condominium Act and/or the Declaration.

Section 2. Compliance. Pursuant to the provisions of §47-7C-2 of the Condominium Act, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

Section 3. Office. The office of the Condominium, the Association, and the Board shall be located at the Property or

at such other place as may be designated from time to time by the Board.

ARTICLE II

Association

Section 1. Composition. The Association shall consist of a New Mexico corporation not-for-profit. The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by the vote of the Association, the foregoing responsibilities shall be performed by the Board or Managing Agent as more particularly set forth in Article III of these Bylaws.

Section 2. Annual Meetings. The annual meetings of the Association shall be in the last quarter of each year commencing in 2007. At such annual meetings the Board shall be elected by ballot of the Unit Owners in accordance with the requirements of Section 4 of Article III of these Bylaws. During the maximum time permitted by §47-7C-3 of the Condominium Act, the Declarant shall be entitled to designate at least a majority of the members of the Board.

Section 3. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at

such other suitable place convenient to the Unit Owners as may be designated by the Board.

Section 4. Special Meeting. (a) The President shall call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty percent (20%) of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) On the earlier of (1) the expiration of the maximum time permitted by §47-7C-3 of the Condominium Act, or (2) thirty (30) days after written notice by Declarant, a special meeting of the Association shall be held at which all of the members of the Board designated by the Declarant shall resign, and the Unit Owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Board to act in the place and stead of those resigning.

Section 5. Notice of Meetings. The Secretary shall mail to each Unit Owner a notice of each meeting of the Unit Owners at least ten (10) but not more than thirty (30) days prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 1 of Article XI of the Bylaws shall be considered service of notice.

Section 6. Adjournment of Meetings. If at any meetings of the Association a quorum is not present, Unit Owners of a majority of the Unit Owners who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called.

Section 7. Order of Business. The order of business of all meetings of the Association shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of Board;
- (f) Reports of committees;
- (g) Election or appointment of inspectors of election (when so required);
- (h) Election of members of the Board
(when so required);
- (i) Unfinished business;
- (j) New Business.

Section 8. Title to Units. Title to a Unit may be taken in the name of one or more Persons, in any manner permitted by law. The Association may acquire, hold and transfer full legal title to one or more Condominium Units in the Condominium in its own name.

Section 9. Voting. Voting at all meetings of the Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the Allocated Votes assigned to its Unit in the Declaration. Where the ownership of a Unit is in more than one Person, the Person who shall be entitled to cast the vote of such Unit shall be the Person named in a certificate executed by all of the Unit Owners of such Unit and filed with the Secretary or, in the absence of such named Person from the meeting, the Person who shall be entitled to cast the vote of such Unit shall be the Person owning such Unit who is present. If more than one Person owning such Unit is present then such vote shall be cast only in accordance with the agreement of a majority of them pursuant to §47-7C-10 of the Condominium Act. Any specified percentage of the Unit Owners means the Unit Owners owning such Allocated Votes in the aggregate. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Association to cast the votes to which such Unit or Units are entitled. No Unit Owners may vote at any meeting of the Association or be elected to or serve on the Board if the Association has perfected a lien against its Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Section 10. Proxies. A vote may be cast in person or by proxy. Such proxy may be granted by any Unit Owner in favor of only another Unit Owner, a First Mortgagee or the Declarant. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by

the person presiding over the meeting of notice of revocation from any of the persons owning such Unit. No proxy shall in any event be valid for a period in excess of one (1) year after the execution thereof.

Section 11. Quorum. Except as otherwise provided in these Bylaws, the Condominium Act or the Declaration, the presence in person or by proxy of Unit Owners of twenty percent (20%) or more of the Allocated Votes in the Association shall constitute a quorum at all meetings of the Association.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute Book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Condominium Act. All votes shall be tallied by tellers appointed by the President.

ARTICLE III

Board

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board. The Board shall consist of such persons as may be designated by the Declarant, until the maximum time permitted by §47-7C-3 of the Condominium

Act. The Board shall initially be composed of three (3) persons, all of whom may be Unit Owners or spouses of Unit Owners, First Mortgagees (or designees of First Mortgagees) or designees of the Declarant; provided however, that, anything in these Bylaws to the contrary notwithstanding, until after the expiration of the maximum time permitted by §47-7C-3 of the Condominium Act, a majority of the members of the Board shall be designated by the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as may be so designated, and to designate their successors. The time limit on the period of Declarant's control shall commence upon closing of the sale of the first Unit.

Section 2. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Condominium Act, the Declaration or by these Bylaws required to be exercised and done by the Unit Owners. The Board shall have the power from time to time to adopt any "Rules and Regulations" deemed necessary for the benefit and enjoyment of the Condominium; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act, the Declaration or these Bylaws. The Board shall delegate to one of its Directors, or to a person employed for such purpose, the authority to act on behalf of the Board on such matters relating to the duties of the Managing Agent (as defined in Section 3 of this Article), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

(a) Prepare an annual budget, in which there shall be established the assessments of each Unit Owner of the Common Expenses.

(b) Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners; and establish the period of the installment payment of the annual assessments for Common Expenses. Unless otherwise determined by the Board, the annual assessment against each Unit Owner for its proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for such month.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the Unit Owners, deposit the proceeds thereof in bank depositories designated by

the Board and use the proceeds to carry out the administration of the Property.

(f) Make and amend the Rules and Regulations.

(g) Open bank accounts on behalf of the Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with the Condominium Act, the Declaration and these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceedings.

(j) Obtain and carry insurance against casualties and liabilities, as provided in the Declaration, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Association and not billed to Unit Owners on individual Units or otherwise provided for in Article V, Section 1 and 2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting

the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, during general business hours on working days at the time and in the manner set and announced by the Board for the general knowledge of the Unit Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same may be audited at least once each year by an independent accountant retained by the Board who shall not be a resident of the Condominium or a Unit Owner. The cost of such audit shall be a Common Expense.

(m) Notify a First Mortgagee of any default hereunder by the Unit Owner of the Unit subject to such mortgage, in the event such default continues for a period exceeding thirty (30) days.

(n) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements, provided, however, that the consent of at least a Majority of all Unit Owners at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws is obtained. "Majority of the Unit Owners" shall mean the Unit Owners of more than fifty percent (50%) of the Allocated Votes, voting in person or by proxy at a duly convened meeting at which a quorum is present. If any sum borrowed by the Board on behalf of the Condominium pursuant to the authority contained in this paragraph (n) is not repaid by the Association, a Unit Owner who

pays to the creditor such proportion thereof equal to its Allocated Interest said Unit Owner shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such Unit Owners Unit.

(o) Acquire, hold and dispose of Units and mortgage the same if such expenditures and hypothecations are included in the budget adopted by the Association.

(p) In its sole discretion, designate from time to time certain Common Elements as "Reserved Common Elements" and impose such restrictions and conditions on the use thereof as the Board deem appropriate.

(q) Do such other things and acts not inconsistent with the Condominium Act, the Declaration or these Bylaws which the Board may be authorized to do by a resolution of the Association.

Section 3. Managing Agent. The Board may employ for the Condominium a "Managing Agent" at a compensation established by the Board.

(a) Duties. The Managing Agent shall be experienced in managing similar properties and perform such duties and services as the Board shall authorize, including but not limited to the duties listed in paragraphs (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (q), and (r) of Section 2 of this Article III. The Board may delegate to the Managing Agent all of the powers granted to the Board by these Bylaws other than the

powers set forth in paragraphs (b), (f), (g), (n), (o), and (p) of Section 2 of this Article III. The Managing Agent shall perform the obligations, duties and services relating to management of the Property, the rights of First Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(b) Standards. The Board shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board.

(1) the cash method of accounting shall be employed;

(2) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board; and

(6) a monthly financial report shall be prepared for the Association disclosing:

(i) all income and disbursement activity for the preceding month;

(ii) the status of all accounts in an "actual" versus "projected" (budget) format; and

(iii) any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves of five (5%) percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

(c) Limitations. Subject to the provisions of §47-7C-5 of the Condominium Act, during the period when persons designated by the Declarant constitute a majority of the Board, the Board may employ a Managing Agent for a term not to exceed one (1) year. The Board shall employ a Managing Agent if the Majority of the Unit Owners so resolve. Any contract with the Managing Agent must provide that it may be terminated without cause on no more than thirty (30) days written notice.

Section 4. Election and Term of Office.

(a) The term of office of the Directors of the Board shall be one (1) year. The Directors shall hold office until the next annual meeting of the members and until their respective successors shall have been qualified and elected by the Association.

(b) Persons qualified to be Directors of the Board may be nominated for election only as follows:

(1) Any Unit Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by the Unit Owners, a statement that the person nominated is willing to serve on the Board and a biographical sketch of the nominee. The Secretary shall mail or hand-deliver the submitted nominees and their information to every Unit Owner along with the notice of such meetings; or

(2) Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board for which no more than one person has been nominated by petition.

Section 5. Removal or Resignation of Directors. Except with respect to Directors designated by Declarant, at any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a Majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Unit Owners shall be given at least seven (7) days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A Director may resign at any time and shall be deemed to have resigned upon disposition of its Unit.

Section 6. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Association shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a Director for the remainder of the term of the Director being replaced and until a successor shall be elected at the next annual meeting of the Association. Notwithstanding anything to the contrary in this Section or in the preceding Section 5, until the expiration of the maximum time permitted by §47-7C-3 of the Condominium Act, the Declarant shall designate the successor to any resigned or removed Director previously designated by the Declarant.

Section 7. Organization Meeting. The first meeting of the Board shall be held immediately following the first annual meeting of the Association, and no notice shall be necessary to the newly elected members Directors in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 8. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every three (3) months during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, by mail or telefax, at least ten (10) days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director, given by mail or telefax, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 10. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by it of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. Fidelity Bonds. As required by the Declaration, there shall be obtained fidelity bonds for all

officers, Directors and employees of the Association, including without limitation the Managing Agent, handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No Director shall receive any compensation from the Association for acting as such.

Section 14. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book of the Board recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 15. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board.

Section 16. Liability of the Board, Officers, Unit Owners and Association.

(a) The officers and Directors shall not be liable to the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless

each of the officers and Directors from and against all contractual liability to others arising out of contracts made by the officers or the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act, the Declaration or these Bylaws. Officers and Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any Unit Owner arising out of any contract made by the officers or the Board, or out of the aforesaid indemnity in favor of the Board or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of its ownership of an Allocated Interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by its Allocated Interest. Every agreement made by the officers, the Directors or the Managing Agent on behalf of the Association shall, if obtainable, provide that the officers, the members of the Board or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to the total liability thereunder multiplied by its Allocated Interest.

(b) The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to Person or property caused by the elements or by the Unit Owner of any Unit, or any other Person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment within the Condominium. The Association

shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Association to comply with any law, ordinance or with the order for directive of any municipal or other governmental authority.

Section 17. Common or Interested Directors. Each Director shall exercise its powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Association and any of the Directors, or between the Association and any Person (including the Declarant) in which any of the Directors are directors or officers or are pecuniarily or otherwise interested is either void or voidable because any such Director is present at the meeting of the Board or any committee thereof which authorizes or approves the contract or transaction, or because its vote is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to Unit Owners at a meeting of the members

duly called and having a quorum, if a Majority of the Unit Owners approve or ratify the contract or transaction in good faith by a vote; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Any common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if such director were not such Director or officer of such Association or not so interested.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The offices of Secretary and Treasurer may be held by the same person. The President and Vice President shall be members of the Board. Any other officers may, but need not, be Unit Owners or Directors.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all members Directors any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall: be the chief executive officer of the Association; preside at all meetings of the Association and of the Board; and have all of the general powers and duties which are incident to the office of President of the Association including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in its discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other Director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon it by the Board or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board;

have charge of such books and papers as the Board may direct; maintain a register setting forth the place to which all notices to Unit Owners and First Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of Secretary of the Association.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies and other valuable effects in the name of the Board, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of Treasurer of the Association.

Section 8. Execution of Documents. All agreements contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Five hundred Dollars (\$500.00) shall be executed by any two (2) persons designated by the Board. All such instruments for expenditures or obligations of Five hundred Dollars (\$500.00) or less may be executed by any one person designated by the Board.

Section 9. Compensation of Officers. No officer who is also a Director shall receive any compensation from the Association for acting as such officer.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

(b) Preparation and Approval of Budget.

(1) On or before the 15th day of November of each year, the Board shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of administration, maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units for which it is the responsibility of the Board to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Declaration, these Bylaws or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the Unit Owner of all related services.

(2) Such budget shall also include such reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves for

contingencies and replacement. With thirty (30) days of the adoption of the proposed budget, the Board shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owners assessment for the Common Expenses of the Association, if ratified pursuant to §47-7C-3(c) of the Condominium Act.

(3) Within sixty (60) days after the creation of Units on any additional land by the recordation of an amendment to the Declaration submitting such Units to the Condominium, the Board shall send to each Unit Owner a copy of the budget revised to reflect the proportionate liabilities of such Units for Common Expenses for the remainder of the fiscal year in which such Units were added to the Condominium. The amount of assessments attributable to each Unit shall thereafter be the amount specified in the adjusted budget, until a new budget shall have been adopted by the Board.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of Section 1(a) of Article IX hereof, the total amount of the estimated funds required for the operation of the Property set forth in the budget adopted by the Board shall be assessed against each Unit Owner in proportion to its respective Allocated Interest and shall be a lien against each Unit Owner's Unit as provided in the Declaration and Article IX, Section 2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Board or the Managing

Agent (as determined by the Board), one-twelfth (1/12th) of such assessment. Within thirty (30) days after the end of each fiscal year, the Board shall supply to all Unit Owners and to each First Mortgagee an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, if the Board deem advisable, be credited according to each Unit Owner's Allocated Interest to the next monthly installments due from Unit Owners under the current fiscal year's budget, until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Allocated Interest and shall be payable either: (1) in full with payment of the next monthly assessment due; or (2) in not more than three (3) equal monthly installments, as the Board may determine.

(d) Reserves. The Board shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed against the Unit Owners according to their respective Allocated Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board shall serve notice of any such further assessment on all Unit Owners

by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if such further assessment is not payable in installments, such assessment shall be a lien as of the effective date as set forth in the preceding paragraph (c).

(e) Budget. Upon taking office, the first Board elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing sixty (60) days after such election or designation, and ending on the last day of the fiscal year in which such election or designation occurs.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board in preparing or adopting a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay its share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due more than fifteen (15) days after such new annual or adjusted budget shall have been delivered.

(g) Accounts. All sums collected by the Board with respect to assessments against the Unit Owners or from any other

source may be commingled into a single fund, but shall be held for each Unit Owner in accordance with its Allocated Interest.

Section 2. Payment of Common Expenses. Each Unit Owner shall pay the Common Expenses assessed by the Board pursuant to the provisions of Section 1 of this Article V. No Unit Owner may exempt itself from liability for its contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of its Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against its Unit subsequent to the date of recordation of a conveyance by it in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the latter for its Allocated Interest of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten (10) working days following a written request therefor to the Board or Managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and provided, further, that each First Mortgagee who comes into possession of a Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Unit free of any claims for unpaid assessments or charges against such Unit which accrue

prior to the time such First Mortgagee comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all Units including the mortgaged Unit.

Section 3. Collection of Assessments. The Board or the Managing Agent, at the request of the Board, shall take prompt action to collect any assessments for Common Expenses due from any Unit Owner which remain unpaid for more than fifteen (15) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within fifteen (15) days after it is due shall accrue a late charge in the amount of five percent (5%) of the overdue assessment or installment.

Section 4. Statement of Common Expenses. The Board shall promptly provide any Unit Owner, contract purchaser or First Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Board may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Condominium Act.

Section 5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) By the Board. Unless otherwise provided in the Declaration or the Condominium Act, the Board shall be responsible for the maintenance, repair and replacement (unless such expense was necessitated by the negligence, misuse or neglect of a Unit Owner) of all of the Common Elements

(including the Limited Common Elements) as defined herein or in the Declaration, whether located inside or outside of the Units, and portions of the Units as provided for in the Declaration, the cost of which shall be charged to all Unit Owners as a Common Expense.

(b) By the Unit Owner.

Each Unit Owner shall undertake all obligations provided for in the Declaration and keep its Unit in good order, condition and repair and in a clean and sanitary condition. In addition, each Unit Owner shall be responsible for all damage to any other Units or to the Common Elements resulting from its failure to make any of the repairs required by this Section. Each Unit Owner shall perform its responsibility in such manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board or the Managing Agent any defect or need for repairs for which the Board is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements, whether the responsibility of the Unit Owners or the Board, shall be substantially similar to the original construction and installation and shall be of first-class quality. The method of approving payment vouchers for all repairs and replacements which are the responsibility of the Board shall be determined by the Board.

Section 6. Additions, Alterations or Improvements by Board. Except during the period of Declarant control, whenever in the judgment of the Board improvements costing in excess of Ten thousand Dollars (\$10,000.00) during any period of three (3)

consecutive months, the making of such additions, alterations or improvements shall be approved at a meeting called for said purpose by a Majority of the Unit Owners and the Board shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing Ten thousand Dollars (\$10,000.00) or less during any period of three (3) consecutive months may be made by the Board without approval of the Unit Owners and the cost thereof shall constitute a Common Expense.

Section 7. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to its Unit without the prior written consent of the Board. No Unit Owner shall paint or alter the exterior of its Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any Limited Common Element, without the prior written consent of the Board. The Board shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the alteration, addition or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any Unit requires execution by the Association, and provided consent has been given by the Board, then the application shall be executed on behalf of the Association by the Board only, without, however, incurring any liability on the part of the Board or any of them to any contractor, subcontractor or

materialmen on account of such addition, alteration or improvement, or to any person having a claim for injury or damage to property arising therefrom. Subject to the approval of any First Mortgagee of such affected Units, the Board and any Unit Owner affected, any Unit may be subdivided or may be altered so as to relocate the boundaries between such Unit and any adjoining Units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in §47-7B-12 and 13 of the Condominium Act. The provisions of this Section 7 shall not apply to Units owned by the Declarant until deeds of conveyance of such Units have been recorded; provided, however, that Declarant's construction or alterations shall be architecturally compatible with existing Units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board and the Board shall execute any such application that is required.

Section 8. Restrictions of Use of Units; Rules and Regulations.

(a) Each Unit and the Common Elements shall be occupied and used as follows:

(1) Except as provided in the Declaration, no Unit shall be used for other than offices and the related common purposes for which the Property was designed. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any Unit owned by Declarant for promotional, marketing or display purposes or from using any appropriate portion of the Common Elements for closing of sales of Units.

(2) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for commercial use without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in its Unit or in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed in the Common Elements.

(3) No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

(4) No Unit Owner shall obstruct any of the Common Elements nor shall any Unit Owner store anything upon any of the Common Elements without the approval of the Board. Vehicular parking upon the Common Elements may be regulated or assigned by the Board. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board.

(5) The Common Elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Units.

(6) A Unit Owner may lease a Unit or sublease a portion thereof on a written form of lease requiring the lessee to comply with the Declaration, these Bylaws and the Condominium Act, and providing that failure to comply constitutes a default under the lease. Each Unit Owner shall forward the contact information for any lessee or sublessee to the Board as soon as reasonably possible after the execution of the lease or sublease. The foregoing provisions of this subparagraph shall not apply to the Declarant, or to a First Mortgagee in possession of a Unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure, during the period of such First Mortgagee's possession.

(7) No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements.

(8) Except for signs displayed within the Unit or Limited Common Elements for each Unit as provided for in the Declaration, and signs posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, or from any Unit or the Common Elements without the prior written approval of the Board. Signage designating Units and occupants of Units shall conform to the requirements set forth on Exhibit "A" which is attached

hereto and incorporated herein by reference ("Signage Criteria"). The Signage Criteria may be modified at any time by the Board.

(9) Window coverings on exterior windows of the Units shall be brushed aluminum, manufactured by Hunter Douglas in the Lightlines Series ("Window Coverings Requirement"). The Board shall have the right to change the Window Coverings Requirement at any time.

(b) Each Unit and the Common Elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and amended by the Board. Copies of the Rules and Regulations shall be furnished by the Board to each Unit Owner. Amendments to the Rules and Regulations shall be provided to the Unit Owners prior to the time when the same shall become effective.

Section 9. Right of Access. By acceptance of its deed of conveyance, each Unit Owner thereby grants a right of access to its Unit, as provided by §47-7C-7 of the Condominium Act and Article 6 of the Declaration, to the Board or the Managing Agent, or any other person authorized by the Board or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective power and responsibilities, including without limitation making inspections, correcting any condition originating in its Unit, or threatening another Unit or the Common Elements, performing installations, alterations or repairs to the mechanical or electrical services to the Common Elements in its Unit or elsewhere in the Property or to correct any condition which

violates any governmental requirements; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section 10. Utility Charges. The cost of electricity and water servicing the Common Elements and water servicing the Units shall be a Common Expense. The refuse service shall be individually allocated to Unit Owners to the extent the same is not individually billed directly to said Unit Owners, equitably by the Board as Limited Common Expenses based upon usage, or absent that based upon the relative Areas of the Units using each dumpster. All other utilities servicing the Units and Limited Common Elements shall be individually metered and paid for by the respective Unit Owners.

Section 11. Parking Spaces. Each of the parking spaces located on the Property shall be designated as Common Elements. The Common Element parking shall be used by invitees of Unit Owners for self-service parking purposes on a "first come, first serve" basis, with a time limit of twenty-four (24) hours for each space. The Common Element parking may be reserved for the Unit Owners pursuant to the Declaration.

Section 12. Taxation of Units. Initially, each Unit and its Allocated Interest in the Common Elements shall be deemed to be a parcel and shall be subject to separate assessments and taxation by each assessing entity and special district for all types of taxes authorized by law, including ad valorem levies and special assessments. This election may be amended as

permitted by §47-7A-5 of the Condominium Act by a vote of a majority of the Unit Owners at an annual meeting or special meeting called for that purpose. Prior to the Sandoval County Assessor creating separate assessments for each Unit, the Association shall pay the ad valorem taxes prior to delinquency. The annual assessments shall include a prorata portion of the estimated taxes until the first year Units are individually assessed. All monies collected by the Association for estimated taxes shall be maintained in a separate federally insured and interest bearing account. If the amount collected for estimated taxes is insufficient to make a required installment payment of the taxes, the Board shall immediately create a special assessment for the shortfall which shall be due within ten (10) days.

ARTICLE VI

Insurance; Repair and Reconstruction

Section 1. Coverage; Payment. As provided in Article X of the Declaration, the Board on behalf of the Association shall insure the Condominium, including the Common Elements and the Units (except to the extent Unit Owners are required to insure certain portions of the Units). In addition, each Unit Owner shall insure the portions of the Unit and the contents as required by Section 10.3 of the Declaration. The Board shall also obtain liability, errors and omissions, fidelity and other insurance required or permitted by the Declaration. The cost of premiums for insurance coverage obtained by the Board for the benefit of the Association shall be a Common Expense. Unit

Owners may obtain additional insurance in their discretion.

Section 2. Repair and Reconstruction After Fire or Other Casualty. As provided in Section 7.5 of the Declaration, in the event of damage to or destruction of all or any portion of the Buildings or other improvements of the Condominium as a result of fire or other casualty, the Board shall arrange for and supervise the prompt repair and restoration of the Buildings, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners in the Units. Notwithstanding the foregoing, each Unit Owner shall have the right to supervise the interior redesign and redecoration of the Unit Owner's own Unit.

ARTICLE VII

Mortgages

Section 1. Notice to Board. A Unit Owner who mortgages its Unit shall notify the Board of the name and address of its First Mortgagee and shall file a conformed copy of the applicable note and mortgage with the Board. All First Mortgagees shall also be required to provide the Association notice of the information to use for any notices to First Mortgagees.

Section 2. Notice of Default, Casualty or Condemnation. The Board when giving notice to any Unit Owner of a default in paying an assessment for Common Expenses or any other default,

shall simultaneously send a copy of such notice to the First Mortgagee of such Unit. Each First Mortgagee shall also be promptly notified of any casualty giving rise to a possible claim under any insurance purchased by the Association and of taking in condemnation or by eminent domain and actions of the Association with respect thereto.

Section 3. Notice of Amendment of Bylaws. The Board shall give notice to all First Mortgagees fifteen (15) days prior to the date on which the Unit Owners, in accordance with the provisions of these Bylaws, materially amend the Condominium Instruments.

Section 4. Other Rights of First Mortgagees. All First Mortgagees or their representatives shall be entitled to attend meetings of the Association and shall have the right to speak thereat. All such First Mortgagees shall have the right to examine the books and records of the Condominium, and to require the submission of annual financial reports and other budgetary information.

ARTICLE VIII

Compliance and Default

Section 1. Relief. Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Condominium Act, as any of the same may be amended from time to time. In addition to, or in expansion of, the remedies provided in Section 47-7C-16 of the Condominium

Act, a default by a Unit Owner shall entitle the Association, acting through its Board or through the Managing Agent, to the relief provided under this Section.

(a) Additional Liability. Each Unit Owner shall be liable for all expenses of maintenance, repair or replacement rendered necessary by the act, neglect or carelessness of such Unit Owner or the act, neglect or carelessness of employees, agents or licensees of such Unit Owner, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Association. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances.

(b) Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Association, the Board or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, the Articles of Incorporation for the Association ("Articles"), these Bylaws or the Condominium Act shall not constitute a waiver of the right of the Association, the Board or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board or any Unit Owner pursuant to any term, provision, covenant or condition of the Declaration, the Articles, these Bylaws or the Condominium Act

shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Declaration, the Articles, these Bylaws or the Condominium Act or at law or in equity.

(d) Interest. In the event of a default by a Unit Owner in paying any sum due the Association with respect to such party's Unit (other than payment for Common Expenses which are addressed in Section 5.3 above) which default continues for a period in excess of thirty (30) days, the principal amount unpaid shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid. The Board shall have the right to change the interest rate at any time.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations, the breach of any provision of these Bylaws or the breach of any provision of the Declaration or the Condominium Act shall give the Association the right, in addition to any other rights set forth in these Bylaws:

(1) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Association shall not thereby be deemed guilty in any manner of trespass; or

(2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach.

(f) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board (directly or through the Managing Agent) and shall not constitute an election of remedies.

(g) Suspension of Privileges. In the event of an alleged violation of the Declaration, these Bylaws or the Rules and Regulations of the Association, and after written notice of such alleged failure is delivered (in the manner prescribed in the Declaration) to the Unit Owner or any agent of the Unit Owner ("respondent") alleged to be in default, the Board shall have the right, after affording the respondent an opportunity for an appropriate hearing as hereinafter provided, and upon an affirmative vote of a majority of all Directors on the Board at a meeting duly called, to take any one or more of the following actions ("Sanctions"): (1) levy a Special Assessment as provided in the Declaration; (2) suspend or condition the right of said Unit Owner to use any Common Property owned, operated or maintained by the Association; (3) suspend said Unit Owner's voting privileges as a Unit Owner, as further provided in the Declaration; or (4) record a notice of noncompliance encumbering

the Condominium of the respondent. Any such suspension shall be for a period of not more than thirty (30) days for any noncontinuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues. No Sanction against a Unit Owner arising from the alleged violation shall take effect prior to the expiration of (a) fifteen (15) days after the Unit Owner's receipt of the complaint pursuant to subsection (h) below, and (b) five (5) days after the hearing required herein. The remedies set forth above and otherwise provided by these Bylaws shall be cumulative and not exclusive.

(h) Written Complaint. A hearing to determine whether any Sanction should be imposed upon a respondent shall be initiated by the filing of a written Complaint by any Unit Owner or by any officer or member of the Board with the President of the Association or other presiding member of the Board. The Complaint shall contain a written statement of allegations which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, and a reference to the specific provisions of the Restrictions which the respondent is alleged to have violated. A copy of the Complaint shall be delivered to the respondent in accordance with the notice procedures set forth in the Declaration, together with a statement which shall be substantially in the following form:

"Unless a written request for a hearing signed by or on behalf of the person named as respondent in the accompanying Complaint is delivered or mailed to the Board within fifteen (15) days after the

Complaint was delivered to you, the Board may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled 'Notice of Defense' to the Board at the following address: _____. You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses of witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Board, you may contact _____."

The respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Board. The respondent may file a separate statement by way of mitigation, even if it does not file a Notice of Defense.

(i) Notice of Hearing. If the Notice of Defense is timely filed, the Board shall deliver in the manner prescribed by the notice procedures set forth in the Declaration a notice of hearing, on all parties at least ten (10) days prior to the hearing, if such hearing is requested by the respondent. The hearing shall be held no sooner than thirty (30) days after the Complaint is mailed or delivered to the respondent as provided in subsection (h) above. The notice to the respondent shall be substantially in the following form but may include other information:

"You are hereby notified that a hearing will be held before the Board of Sedona Pointe Owners Association at _____ on the ____ day of _____, _____, at the hour of _____ to consider the alleged violations set forth made in the Complaint served upon you. You may be present at the hearing, may-but need not-be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to request the attendance of witnesses and the production of relevant books, documents or other items by applying to the Board of the Association."

(j) Hearing. If the Notice of Defense is timely filed, the hearing shall be held before the Board in executive session on the date specified in the notice of hearing delivered to the respondent. If the Notice of Defense is not timely filed, the respondent's right to a hearing shall be deemed waived and the Board, in executive session, may proceed upon the Complaint without a hearing. Prior to the effectiveness of any Sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director or other person who mailed or delivered such notice. The notice requirement shall be deemed satisfied if the respondent appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the Sanction, if any, imposed.

Section 2. Lien for Assessments.

(a) Annual Assessments. The total annual assessment of each Unit Owner for Common Expenses or any special assessment made pursuant to the Declaration and the Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in Section 47-7C-16 of the Condominium Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Association and, as to special assessments, on the first day of the next month which begins more than fifteen (15) days after delivery to the Unit Owner of notice of such assessment. The Board or the Managing Agent may file or record such other or further document, to confirm the establishment and priority of such lien.

(b) Acceleration. Where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment for sixty (60) days, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board, and the entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting Unit Owner and such Unit Owner's Mortgagee by the Board or the Managing Agent.

(c) Foreclosure of Lien. The lien for assessment may be enforced and foreclosed in the manner provided by the laws of the State of New Mexico by action in the name of the Board, or the Managing Agent, acting on behalf of the Association. During

the pendency of such suit, the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the State of New Mexico.

(d) Money Judgment. A suit to recover a money judgment for unpaid contributions may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Section 3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the Declaration, these Bylaws or the Condominium Act, all of the Unit Owners may be required by the Declarant or the Board to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established hereby.

Section 4. Subordination and Mortgagee Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Unit (and any penalties, interest or assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a mortgage made in good faith for value received; provided, however, that such mortgage secures a loan made by an institutional lender; and provided, further, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such

Unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure.

Such sale or transfer shall not relieve the purchaser of the Unit at such sale from liability for any assessment thereafter becoming due nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein

ARTICLE IX

Amendments to Bylaws

Section 1. Amendments. These Bylaws may not be modified or amended except by vote of a Majority of the Unit Owners at a meeting called for said purpose. Provided, however, that until the expiration of the maximum time permitted by §47-7C-3 of the Condominium Act, (a) Section 2 of Article II, (b) Section 9 of Article II, (c) Section 1 of Article III, and (d) Section 1 of this Article X may not be amended without the consent in writing of the Declarant, so long as Declarant shall be a Unit Owner of Units representing ten percent (10%) or more of the Units which may be created in the Condominium.

Section 2. Approval of First Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of First Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such First Mortgagees on which they may rely in making loans secured by mortgages. Accordingly, no amendment or modification

of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a First Mortgagee shall be adopted without the prior written consent of such Mortgagees.

Section 3. Implied Consent of First Mortgagees and Unit Owners. A First Mortgagee or Unit Owner will be deemed to have approved a proposed amendment to this Declaration if the First Mortgagee or Unit Owner does not object or consent to a written proposal for an amendment within thirty (30) days after receipt of the written proposal by hand delivery or certified mail, return receipt requested. A Unit Owner will also be deemed to have approved a proposed amendment to this Declaration if the Unit Owner does not object or consent in person or by proxy at a duly called meeting to consider the proposal.

ARTICLE X

Miscellaneous

Section 1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the Condominium Act may permit), (a) if to a Unit Owner, at the address which the Unit Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such Unit Owner, or (b) if to the Association, the Board or to the Managing Agent or at such other address as shall be designated by notice in writing to the Unit Owners pursuant to this Section. If a Unit is owned by more

than one Person, each such Person who so designated an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the undersigned have executed these Bylaws on behalf of the Association, this 3 day of February, 2009.

COLORES DE CABEZON CONDOMINIUM
OWNERS ASSOCIATION, INC.,
a New Mexico Non-Profit Corporation

By: 

John Wilger

Its: President

By: 

Karen Hudson

Its: Secretary

STATE OF NEW MEXICO)

)

COUNTY OF Bernalillo)

This instrument was acknowledged before me on February 11, 2009, by John Wilger, President of COLORES DE CABEZON CONDOMINIUM OWNERS ASSOCIATION, INC., a New Mexico Non-Profit Corporation.

MY COMMISSION EXPIRES:

March 4, 2011

Misa Dee Sheward

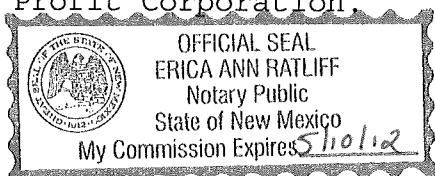
NOTARY PUBLIC

STATE OF NEW MEXICO)

)

COUNTY OF Bernalillo)

This instrument was acknowledged before me on February 3, 2009, by Karen Hudson, Secretary of COLORES DE CABEZON CONDOMINIUM OWNERS ASSOCIATION, INC., a New Mexico Non-Profit Corporation.



MY COMMISSION EXPIRES:

May 10, 2012

Erica Ann Ratliff

NOTARY PUBLIC

EXHIBIT "A" - Signage Criteria

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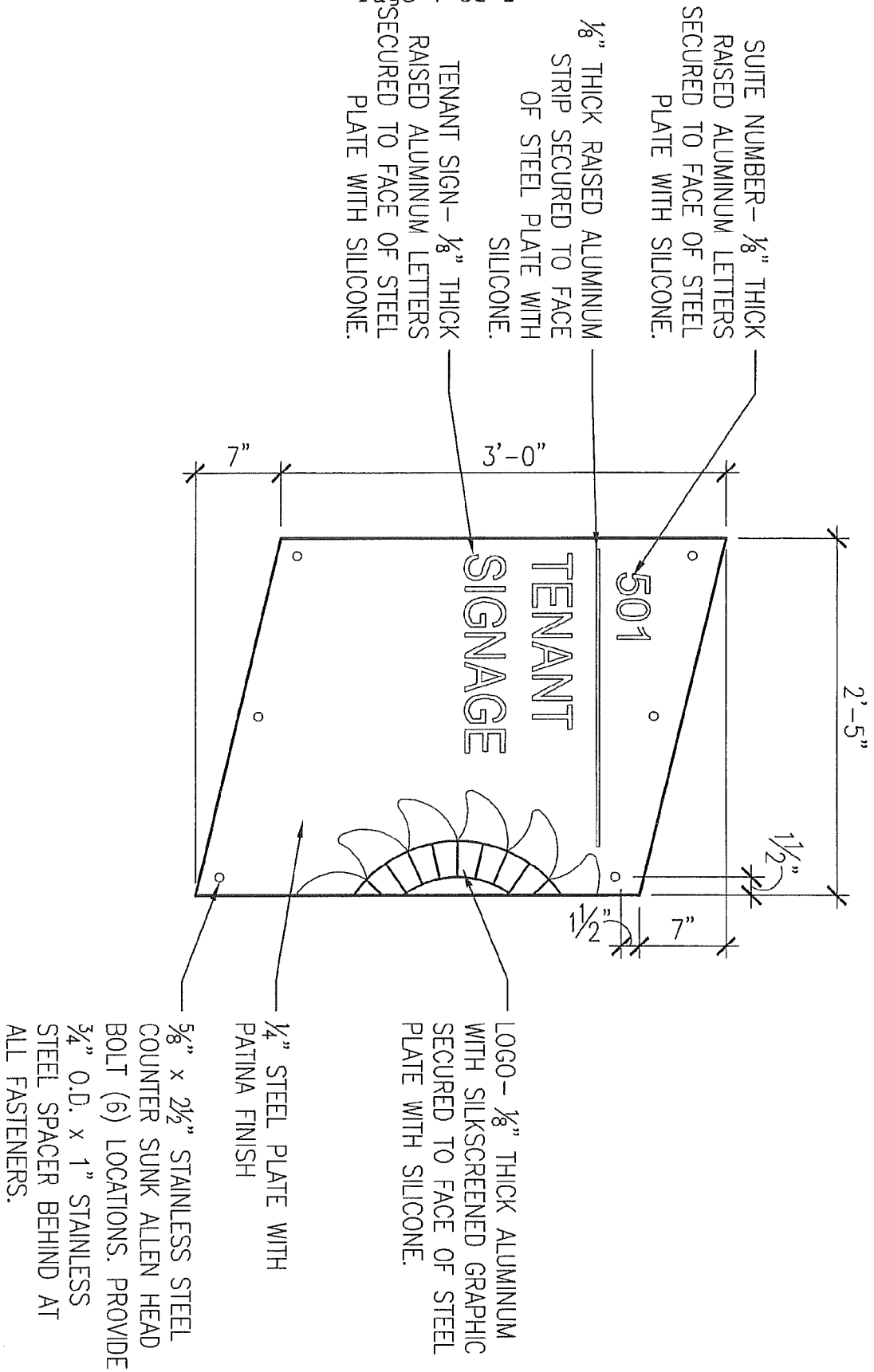


EXHIBIT "A" - Signage Criteria
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