

BYLAWS

OF

ASPEN COMPOUND HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I—Name

The name of the association is Aspen Compound Homeowners' Association, Inc. (Association).

ARTICLE II—Office

The principal office of the Association shall be in Santa Fe, New Mexico, at a place designated by the Board of Directors (Board).

ARTICLE III—Purpose, Members

Section 1. Purpose, Duties, Powers. The Association is a New Mexico nonprofit corporation which shall be responsible for all obligations imposed by:

- (a) that Declaration of Covenants and Restrictions of Aspen Compound Subdivision, filed for record May 9, 1990, at Book 680, Pages 782-825, office of Santa Fe County Clerk, and Supplemental Declaration of Covenants and Restrictions of Aspen Compound – Phase 2, filed for record September 27, 1991, at Book 757, Page 068, office of Santa Fe County Clerk (together hereinafter called Declaration);
- (b) the Declaration of Covenants and Restrictions of the Estancia Primera Community Services Association, and all amendments and changes thereto, as well as the Architectural Guidelines adopted by the Estancia Primera Architectural Review Board;
- (c) these Bylaws of the Association as amended (Bylaws).

The Association shall be entitled to exercise all and every power necessary and convenient to satisfy such obligations, including but not limited to those permitted by the New Mexico Nonprofit Corporation Act, subject to the limits set forth therein.

Section 2. Members. The Association shall have one class of members, which shall consist of any record holder or holders of fee simple title to any portion of the Aspen Compound Subdivision, and any holder or holders of equitable title to any portion of the Subdivision by virtue of a real estate contract, except for those holding such interest as security for performance of an obligation.

Section 3. Annual Meetings. An annual meeting of the Association shall be held on March 15 each year, unless such date shall occur on a Saturday or Sunday or holiday,

in which event the meeting shall be held on the succeeding Monday. At such annual meeting, the Board shall be elected by ballot of the members in accordance with the requirements of these Bylaws.

Section 4. 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 members as may be designated by the Board.

Section 5. Special Meetings. 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 members having not less than twenty percent of the votes in the Association.

Section 6. Notice of Meetings. At least ten (10) but not more than fifty (50) days prior to an annual or special Association meeting, the Secretary shall notify Association members of the time, place and purpose of the meeting, such notice to be mailed to the address of the lot owned by the member or electronically mailed to the address provided by the member in writing to the Secretary, or to any other address designated by the member in writing to the Secretary.

Section 7. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, members having a majority of the votes represented 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 8. Order of Business. The order of business of all meetings of the Association shall be as follows:

- (a) Determination of quorum;
- (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 election tellers (when so required);
- (h) Election of members of the Board (when so required);
- (i) Unfinished business; and
- (j) New business.

Section 9. Voting. With respect to each matter submitted to the membership, there shall be one vote allocated to each lot in the Subdivision. The owner of each lot shall be entitled to exercise the vote allocated to that lot. In the event of multiple ownership of a lot, the vote of such lot shall be cast by the person designated in a certificate executed by all the owners of such lot and filed with the Secretary. In the event no such certificate has been filed or the person designated is absent from the meeting, and only one of the multiple owners of such lot is present, that person shall be entitled to cast the vote

allocated to that lot. In the event no such certificate has been filed or the person therein designated is absent from the meeting, and more than one of the multiple owners are present, the vote allocated to that lot may be cast only in accordance with an agreement of a majority of such multiple owners then present; in the absence of such a majority, the vote allocated to that lot shall not be cast.

Except where a greater number is required by the Declaration or by these Bylaws, the vote of owners having more than fifty percent of those votes actually cast in person or by proxy at a duly convened meeting at which a quorum is present is sufficient to adopt decisions or take action at any meeting of the Association.

No owner 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 that owner's lot and the amount necessary to release such lien has not been paid at the time of such meeting or election.

No vote allocated to a lot owned by the Association may be cast.

Section 10. Proxies. A vote may be cast in person or by proxy. A proxy 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 revocation from the person or persons executing the proxy. No proxy shall be valid for a period longer than one (1) year from the date of execution thereof.

Section 11. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of owners having forty percent or more of the 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 in a minute book, said minutes to include all resolutions and other actions adopted thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The then current edition of Robert's Rule of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these Bylaws. All votes shall be tallied by tellers appointed by the President.

ARTICLE IV—Board of Directors

Section 1. Powers and Duties. The affairs and property of the Association shall be managed and controlled by the Board. The Board shall have all of the powers and duties necessary therefor, and may do all and any lawful act or thing not reserved to or required to be done by the owners. Without limiting the foregoing, the Board, on behalf of the Association, and through such of its members or agents as it may designate from time to time, shall:

- (a) adopt and amend rules and regulations;
- (b) propose for member approval budgets for revenues, expenditures and reserves and establish, collect and apply the assessments of each owner for the Common Expense, i.e. for any expenditure made or financial liability incurred by the Association, together with any allocations for reserves, for or in connection with its powers or duties established herein;
- (c) hire and discharge such employees, agents and independent contractors as the Board may from time to time determine to be in the best interest of the Association;
- (d) defend actions or administrative proceedings brought against it or the Association;
- (e) make such contracts and incur such liabilities as the Board may from time to time determine to be in the best interest of the Association;
- (f) regulate the use, maintenance, repair, replacement and modification of Common Areas, i.e. the open space, if any, and the subdivision roads;
- (g) maintain in good order and repair all Common Areas;
- (h) pay taxes, if any, levied against the Common Areas;
- (i) grant such easements, leases, licenses and concessions through or over the Common Areas as the Board may from time to time determine to be in the best interest of the Association;
- (j) impose such charges for late payments of assessments and, after notice and an opportunity to be heard, levy such reasonable fines for violations of the Declaration, Bylaws and rules and regulations of the Association as the Board may from time to time determine to be in the best interest of the Association;
- (k) contract for and maintain such policy or policies of insurance as the Board may from time to time determine to be in the best interest of the Subdivision, including liability and contractual liability insurance for the Board, Board officers, and the Association; liability and property damage insurance for the Common Areas; and such insurance as may be necessary to protect adjacent property owners from the failure of drainage and erosion control structures within the subdivision;
- (l) commence, intervene in, and maintain such legal or administrative actions or proceedings as the Board may from time to time determine to be in the best interest of the Subdivision and do so in the name of the Association and on its own behalf or on behalf of any owner who consents thereto;
- (m) inspect, maintain and replace those drainage control structures, if any, located within the Subdivision; pursuant to the terms and conditions of the "Master Drainage Contract Drainage Facilities Inspection and Maintenance Agreement at Estancia Primera" between City of Santa Fe and Estancia Primera Community Services Association dated August 3, 1988, and filed in the records of the clerk of Santa Fe County, New Mexico, at Book 620, Pages 507 to 515, on August 5, 1988;

- (n) provided a Mortgager or Mortgagee notifies the Board of a mortgage on a lot, notify the Known Mortgagee of any default hereunder by the owner of the lot subject to such Mortgage, in the event such default continues for a period exceeding thirty (30) days;
- (o) enforce the covenants, restrictions, easements, charges and liens, and other terms and conditions of the Declaration;
- (p) do such other things and acts not inconsistent with the Declaration or these Bylaws which the Board may be authorized to do by a resolution of the Association.

Section 2. Board Composition.

- (a) The Board shall be composed of not less than five (5) members, and divided into two classes of as nearly equal number as possible. The members of the first class shall have an initial term of one year or until their successors shall have been elected. The members of the second class shall have an initial term of two years or until their successors shall have been elected. Thereafter, members of each class shall have terms of two years or until their successors are elected.
- (b) Persons qualified to be members of the Board may be nominated for election only as follows:
 - (1) any 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 owners having a combined ownership of at least three (3) lots, containing 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 items to every owner prior to the meeting; or
 - (2) nominations may be submitted from the floor at the meeting at which the election is held if the number of persons nominated by petition does not equal or exceed twice the number of positions to be filled.
- (c) Cumulative voting shall be permitted in the election of Board members. Those persons shall be elected as Board members who receive the greatest number of votes cast.

Section 3. Removal or Resignation of Members of the Board. At any regular or special meeting duly called, any one or more of the members of the Board may be removed with or without cause by the vote of owners having more than fifty percent of those votes actually cast in person or by proxy at a meeting at which a quorum is present, and a successor may then and there be elected to fill the vacancy created. Any member whose removal has been proposed by the 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 member of the Board may resign at any time

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and any member shall be deemed to have resigned upon disposition of the lot owned by the member.

Section 4. Vacancies. Vacancies in the Board caused by any reason other than the removal of a member by a vote of the owners shall be filled by a vote of the remaining members at a special meeting of the Board held for such purposes promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board for the remainder of the term of the member being replaced and until a successor shall be elected or appointed at the next annual meeting of the Association.

Section 5. Annual Meeting. The annual meeting of the Board shall be held immediately following and at the same place as the annual meeting of the Association at which such Board shall have been elected. No notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, providing a majority of the whole Board shall be present thereat.

Section 6. Regular and Special 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 Board members.

Special Meetings of the Board may be called from time to time by the Board president or on the request of at least two Board members.

Section 7. Notice of Meetings. At least three (3) business days prior to a regular or special meeting, the Secretary shall notify Board members of the time, place, and purpose of the meeting; such notice to be mailed, electronically mailed, or, if a unanimously authorized Board procedure, communicated orally.

Section 8. Waiver of Notice. Any Board member 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 member at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting, except when the member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 9. Quorum of Board. At all meetings of the Board, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members 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 10. Compensation. No member of the Board shall receive any compensation from the Association for acting as such. This provision shall not be construed to prevent the Board from reimbursing members for any expense incurred in performing Board business or in attending a meeting of the Board, nor to prevent any member from contracting specially to provide necessary services or products to the Association or the Board.

Section 11. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep a minute book 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 or these Bylaws.

Section 12. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be without a meeting if each member of the Board shall consent to such action. Any consent shall be filed with the minutes of the proceedings of the Board.

ARTICLE V—Officers

Section 1. Number. The officers of the Association shall be a president, a vice-president, a secretary, and a treasurer and such other officers as may be deemed necessary by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected by the Board annually at the organizational meeting of the Board. If the election of officers is not held at such meeting, such election shall be held as soon thereafter as possible. Each officer shall hold office until the successor shall have been duly elected and shall have qualified or until death, resignation, or removal in the manner hereinafter provided.

Section 3. Removal. Any officer may be removed by the Board whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer shall not of itself create contract rights.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 5. The President. The president shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control all of the business and affairs of the Association. The president shall, when present, preside at all meetings of the Board. The president, together with the secretary, shall prepare,

execute, certify and record amendments to the Declaration on behalf of the Association. The president may sign, with the secretary or any other proper officer of the Association thereunto authorized by the Board, deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

Section 6. The Vice-President. In the absence of the president or in the event of the president's death, inability or refusal to act, the vice-president shall perform the duties of and be subject to all the restrictions upon the president. The vice-president shall perform such other duties as from time to time may be assigned by the president or by the Board.

Section 7. The Secretary. The secretary shall: keep the minutes of the proceedings of the Association and the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records and of the seal of the corporation, if any; keep a register of the post office address of each Board member, owner and Known Mortgagee entitled to notice, which shall be furnished to the secretary by such member, owner or mortgagee; together with the president, prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the Board.

Section 8. The Treasurer. The treasurer shall: have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the president or by the Board. If required by the Board, the treasurer shall give a bond for the faithful discharge of duties in such sum and with such surety or sureties as the Board shall determine.

ARTICLE VI—Architectural Review

Section 1. Governing Body. The Declaration and Covenants and Restrictions of the Estancia Primera Community Services Association, and all amendments and changes thereto, as well as the Architectural Guidelines adopted by the Estancia Primera Architectural Review Board establish requirements for architectural review that apply to the Subdivision and all portions thereof. The Board may conduct architectural review for the Subdivision or may appoint an architectural committee to conduct architectural review for the Subdivision. An Architectural Committee shall be composed of three (3)

or more representatives appointed by the Board. The Board shall act as and be deemed to be the Architectural Committee until such time as the Board appoints representatives to serve on an Architectural Committee. The persons appointed to an Architectural Committee shall be members of the Association or the Board.

Section 2. Purposes, Duties, Powers. In addition to the requirements described in Section 1 of this Article, the Architectural Committee may adopt architectural guidelines, rules and regulations for the purpose of ensuring that any development, construction, modification, repair or decoration of any improvement, and any landscaping or alteration of vegetation or topography, or land use within the Subdivision is consistent with the character, quality, appearance (including color) and value of the buildings, structures, and landscape within the Subdivision as initially developed. The Architectural Committee may also adopt guidelines, rules and regulations regarding the review and enforcement of all architectural review procedures.

The Architectural Committee shall review and approve, with or without conditions, or disapprove all plans for development, construction, modification, repair or decoration of any improvement; landscaping or alteration of vegetation or topography; or sustained or periodic use of the subdivision or any part thereof.

Section 3. Development, Construction, Modification, Repair, Decoration. No development, construction, modification, repair or decoration of any improvement within the Subdivision; no landscaping or alteration of the vegetation or topography within the Subdivision; and no other activity howsoever denominated which affects or will affect the character, quality, appearance (including color) or value of the Subdivision or any portion thereof or any improvement thereon shall be undertaken or permitted without the prior written consent of the Architectural Committee; except for such activity as affects or will affect only the interior space of an improvement situated within the Subdivision.

Section 4. Sustained or Periodic Use. No sustained or periodic use of the Common Areas shall be made without the prior written approval of the Architectural Committee.

Section 5. Meetings. The Architectural Committee shall meet when the architectural review is necessary. The Architectural Committee shall meet specifically upon the call of the Chairman or two of its members, if written notice stating the date, time, place and purpose of the meeting shall be given to those members not calling the meeting at least two (2) days prior thereto. With the unanimous consent of its members, the Architectural Committee may agree to the use of oral communications for meeting notices.

Section 6. Manner of Acting. The act of a majority of the members of the Architectural Committee at a meeting duly called shall constitute the act of the Architectural Committee.

Section 7. Review Process. The Architectural Committee shall review and approve, with or without conditions, or disapprove all proposals for development, construction, modification, repair or decoration of any improvement; landscaping or alteration of

vegetation or topography; or sustained or periodic use of the Subdivision or any portion thereof. The review shall be conducted and decision regarding approval or disapproval shall be announced within forty-five (45) days of receipt by the Architectural Committee of plans and specifications indicating the nature, extent, location and specifications, and appearance of the proposed development, construction, modification, repair, decoration, landscaping, alteration or use, together with such other documents as may be required by any guidelines, rules and regulations adopted pursuant to Section 2 hereof.

Prior to granting its approval, the Architectural Committee shall determine that the proposed development, construction, modification, repair, decoration, landscaping, alteration or use:

- (a) conforms with the requirements of Section 1 of this Article, as well as with any architectural guidelines, rules, and regulations adopted pursuant to Section 2 of this Article;
- (b) does not detract from the character, quality, appearance (including color) or value of the Subdivision or any portion thereof, or any improvement thereon, or the utility or reasonable enjoyment of the same.

Section 8. Record. The Architectural Committee shall prepare and maintain a written record of its deliberations and determinations.

Section 9. No Liability for Approval Errors. The Association, the Board, the Architectural Committee, and the directors, officers, members, agents, or employees of any of them shall not be liable for any damage, loss or prejudice suffered or claimed by any person on account of:

- (a) the approval, with or without conditions, or disapproval of any plans or specifications, whether or not defective;
- (b) the construction or performance of any work or improvement, whether or not pursuant to approved plans or specifications, whether or not defective; or
- (c) the development of any portion of the Subdivision, provided that such parties have acted in good faith on the basis of such information as may be possessed by them.

ARTICLE VII—Committees

Section 1. Standing Committees. The Board by resolution may establish standing committees, each of which shall consist of not less than three members to be nominated by the president and approved and appointed by the Board, which committees, to the extent provided in the creating resolution, shall have and exercise the authority of the Board in the management of the Association, except that no such committee shall have the authority of the Board in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of such committee or any board member or officer of the Association; amending the Articles of Incorporation; restating the Articles of Incorporation; adopting a plan of merger or

adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property or assets of the Association; authorizing the voluntary dissolution of the Association or revoking proceedings therefor; or amending, altering or repealing any resolution of the Board which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual member, of any responsibility imposed by law.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board in the management of the Association may be established by a resolution adopted by a majority of the Board members present at a meeting at which a quorum is present. Members shall be appointed by the president.

Section 3. Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Board and until a successor is appointed, unless the committee shall be terminated sooner, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof. Any member of any committee may be removed by the appointing authority whenever in its judgment the best interests of the Association shall be served by such removal.

Section 4. Presiding Officer. Each committee shall elect its own presiding officer.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as in the case of the original appointments.

Section 6. Quorum. Unless otherwise provided in the creating resolution of the Board, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Section 7. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board.

Section 8. Open Meetings. All meetings of every committee created pursuant to the Article shall be open for the sake of observation to any member of the Board, owner, or Known Mortgagee, except in cases where personnel matters, litigation or the possibility thereof, or other matters designated by the Board are discussed.

ARTICLE VIII—Budgets and Assessments

Section 1. Preparation of Budget. On an annual basis and no later than sixty (60) days before the beginning of the fiscal year, the Board shall adopt a budget for the Association. The budget shall include an estimate of the Common Expenses for the ensuing fiscal year, including an amount for such reserves as the Board may determine to be necessary.

Section 2. Ratification of Budget. Within fifteen (15) days after adoption by the Board of any proposed budget for the Association, the Board shall mail a summary of the budget to all owners, and shall set a date for a meeting of the Association to consider ratification thereof. The date of the meeting shall be not less than fourteen (14) nor more than thirty (30) days after mailing of the summary. The budget shall be deemed ratified whether or not a quorum is present at the meeting, unless a majority of all the owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Association shall be continued until such time as the Association shall ratify a subsequent budget proposed by the Board.

Section 3. Annual Assessment, Allocation. An annual assessment sufficient to cover all Common Expenses set forth in the ratified budget, including reserves, shall be made by the Board promptly upon ratification. The assessment shall be allocated in equal shares among the lots. The owner of each lot shall be assessed for the share allocated to the lot. If any Common Expense is caused by the misconduct of any owner, the Association may allocate that expense exclusively against that owner's lot. The Board shall notify each owner of the amount of assessment and the time at which it will be due and payable.

Section 4. Special Assessments. If the revenues and reserves provided for in the budget and maintained pursuant thereto are inadequate for any reason, including non-payment of any owner's assessment, the Board, by two-thirds vote, may at any time levy an additional special assessment, which shall be allocated in equal shares among the lots. The owner of each lot shall be assessed for the share allocated to the owner's lot. The special assessment may be payable in a lump sum or in installments as the Board may determine. The Board shall notify each owner of the total amount of such assessment, the owner's allocated share of the special assessment, the reason for the special assessment, and the time at which the allocated assessment is payable.

Section 5. Payment of Assessments. Each owner shall pay the annual assessments at the time specified by the Board, provided that no owner shall be required to pay more than twenty-five percent of the total assessment in each quarter of the fiscal year. Each owner shall pay the special assessment at the time specified by the Board. No owner shall be exempt from liability for payment of assessments by waiver of right of enjoyment or use of the Common Areas, no-use thereof, or abandonment of lot. Any past due assessment or installment thereof shall bear interest at the rate established by the Board not in excess of the maximum rate permitted by law.

Section 6. Lien for Assessments. The Association shall have a lien on a lot for any unpaid assessment allocated to that lot or unpaid fine imposed against its owner and shall record a notice or claim of lien in the records of Santa Fe County, New Mexico. The Association may foreclose such lien in like manner as a mortgage upon real estate. Fees, charges, late charges, fines and interest charged by the Association are enforceable as assessments.

Section 7. Effect of Failure to Prepare Budget or Assessment. The failure or delay of the Board to prepare or adopt a budget for any fiscal year or any assessment in connection therewith shall not constitute a waiver or release in any manner of an owner's obligation to pay an assessment as herein provided, whenever the same shall be determined.

ARTICLE IX—Contracts, Checks, Deposits and Gifts

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents, of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

Section 2. Checks Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the treasurer and countersigned by the president.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board may select.

Section 4. Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any specific purpose of the Association.

ARTICLE X--Mortgages

Section 1. Notice to Board. An owner who mortgages a lot may notify the Board of the name and address of the mortgagee ("Known Mortgagee").

Section 2. Notice of Default, Casualty or Condemnation. The Board when giving notice to any owner of a default in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to any Known Mortgagee of a lot owned by such owner. Each Known Mortgagee shall also be promptly notified of any casualty giving rise to a possible claim under any insurance purchased, and of any taking in condemnation or by eminent domain and actions of the Association with respect thereto.

Section 3. Notice of Meetings, Abandonment, Amendment. The Board shall give prior written notice of the following to every Known Mortgagee who holds a mortgage or deed of trust on any portion of the Subdivision:

- (a) all meetings of the Association;

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- (b) any proposal to be submitted to the owners concerning the abandonment or termination of the Association; or
- (c) any proposal to be submitted to the owners to amend the Declaration, the By-law or the Articles of incorporation.

Section 4. Other Rights of Known Mortgagees. Any Known Mortgagee holding a mortgage or deed of trust on any portion of the Subdivision, upon written request to the Association, shall be entitled to inspect the books and records of the Association during normal business hours and to receive a copy of an annual financial statement of the Association.

ARTICLE XI—Miscellaneous

Section 1. Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board and committees having any of the authority of the Board, and shall keep at its registered or principal office a record giving the names and addresses of members of the Board. All books and records of the Association may be inspected by any member of the Board, owner or Known Mortgagee, or the authorized agent or attorney thereof, for any proper purpose at any reasonable time.

Section 2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

Section 3. Waiver of Notice. Whenever any notice is required to be given under the provisions of the New Mexico Nonprofit Corporation Act, the Articles of Incorporation, or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Indemnification. The Association will indemnify and defend each of its officers and directors, when acting as such or as employees of the Association, to the full extent permitted by law, against all claims and actions against any such person by reason of the fact that the person is or was an officer, director or employee of the Association. To the full extent permitted by law, the Association will indemnify and defend each of its officers and directors, when acting as such or as employees, from and against all contractual liability to others arising out of contracts made by the officers or the directors on behalf of the Association. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Association. Every agreement made by the officers or the Board on behalf of the Association shall, if obtainable, provide that the officers, the directors or the Board, as the case may be, are acting only as agents of the Association and shall have no personal liability thereunder (except as owners), and that each owner's liability thereunder shall be limited to the total liability thereunder divided by the total number of owners.

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 except to the extent of insurance, for injury or damage to person or property caused from any portion of the Common Area. The Association shall not be liable to any owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Area. No diminution or abatement of any assessment, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area or from any action taken by the Association to comply with any law or ordinance, or with the order or directive of any municipal or other governmental authority.

Section 5. Compliance and Default. In any proceeding arising out of any alleged default by an owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be determined by the Court. The violation of any of the regulations adopted by the Board, the breach of any Bylaw contained herein or the breach of any provision of the Declaration shall give the Board the right, in addition to any other rights set forth in these Bylaws:

- (a) after Notice and Hearing, to enter the lot in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or
- (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

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 or 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, or, if appropriate, by any aggrieved owner and shall not constitute an election of remedies.

Section 6. Definitions. Except as otherwise indicated here, words defined in Article 1 of that "Declaration of Covenants and Restrictions of Aspen Compound Subdivision" shall have the meaning therein given when employed in these Bylaws.

ARTICLE XII—Amendments to Bylaws

Section 1. Amendment. These Bylaws may not be modified or amended except by vote of the owners of more than fifty percent of the votes in the Association.

Section 2. Approval of Known Mortgages. These Bylaws contain provisions concerning various rights, priorities, remedies and interest of Known Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Known

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 Known Mortgagee shall be adopted without prior written consent of such Known Mortgagee.

In witness whereof, these Bylaws were adopted by vote of the Association on March 31, 2008.

ASPEN COMPOUND HOMEOWNERS' ASSOCIATION, INC.

By James T. Kissock
President

By Bruce Indur
Secretary

Original Bylaws: Adopted on or about May 11, 1990

Amended Bylaws: Adopted on March 31, 2008