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DECLARATION OF CONDOMINIUM
for
DEL PRADO CONDOMINIUMS

THIS DECLARATION OF CONDOMINIUM is made and recorded pursuant to the Condominium Act of New Mexico (Sections 47-7A-1 through 47-7D-20, New Mexico Statutes Annotated, as amended by the New Mexico Building Unit Ownership Act (47-7-1 through 47-7-28, New Mexico Statutes Annotated) by Sonoma Ranch Construction Company, LLC, hereinafter called "Developer".

WHEREAS, the Developer is the owner, in fee simple, of the real estate in Dona Ana County, New Mexico, shown in the plat attached as Exhibit A.

WHEREAS, the Developer has constructed or will construct on said real estate twenty eight separate buildings, each with multiple Units, for a total of 102 Units. The plat of the Units is attached hereto as Exhibit A.

WHEREAS, the Developer has submitted said real estate and said improvements to be constructed thereon to the condominium form of ownership and use in the manner provided by the Condominium Act of New Mexico, hereinafter called the Act;

NOW, THEREFORE, the Developer hereby declares on behalf of itself, its successors, grantees and assigns to its grantees and their respective heirs, successors and assigns as well as to any and all persons having, acquiring or seeking to have or acquire any interest of any nature whatsoever in and any lien upon said real estate and improvements thereon, hereinafter called "the Property" or any part thereof, as follows:

1. **SUBMISSION TO ACT.** The Developer hereby submits the Property to the Condominium Act of New Mexico as it now exists and may hereafter be amended and the Developer hereby publishes and declares that all of the Property is and shall be held, owned, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the Act as amended from time to time and subject to the rights, easements, privileges, covenants, and restrictions hereinafter set forth, all of which shall run with the land and shall be a burden and benefit to the Developer and its successors and assigns and any person acquiring or owning any interest in the Property and their grantees, successors assigns, heirs, executors, administrators and other successors in interest.

2. **DEFINITIONS.** For the purposes of this Declaration the following terms are defined as follows:

Unit means a part of the Property intended for residential use, including one (1) or more rooms or enclosed spaces located on one (1) or more floors in a building, together with the enclosed porch and enclosed patio.

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Unit Owner means the person or persons owning a Unit in fee simple absolute and an undivided interest in the fee simple estate of the Common Areas in the percentage specified and established in this Declaration.

Association means an incorporated association which has been or will be created, the members of which are all of the Unit Owners, acting in accordance with the Bylaws and this Declaration.

Common Areas is that portion of the Property other than the Units and Limited Common Areas, including, but not limited to the rock walls inside and around the perimeter of the Property, and the common roadways access-ways, roadways (streets) and parking areas, and otherwise as provided by law.

Limited Common Areas and Limited Common Elements means areas and elements which have limited access or are intended for use by a limited number of Unit Owners, and includes the driveways in front of each Unit, which is limited for use by the Unit Owner of the Unit it serves.

Common Expenses means charges against the Property as a whole and expenses declared to be Common Expenses by this Declaration including expenses of taxes and insurance as well as the administration, maintenance, repair or replacement of the Common Areas and all sums lawfully assessed against Unit Owners by the Association and expenses declared to be Common Expenses by the Association.

Occupant means a person or persons legally residing in a Unit.

Declaration means this instrument, together with its lawful amendments and addendums.

Expense Fund means the monies collected and administered for the expenses of the Association.

Majority means the majority of votes cast by Unit Owners.

Property means the land, buildings, improvements and structures owned in fee simple absolute, all easements, servitudes, rights and appurtenances belonging thereto and all chattels intended for the mutual use, benefit and enjoyment of the Unit Owners in connection herewith, as depicted in Exhibit A.

Description of Areas and Easements the buildings, Units, Common Areas, and easements are as follows:

a. **Description of Buildings:** There are twenty eight buildings, all of which will be frame stucco one or two story buildings with no basements, concrete foundations, concrete floors, and principally dry wall interior walls.

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b. Description of the Units and Property: Each of the Units is separately numbered and designated as set forth on the attached Exhibit A. The location of where the buildings have been or are intended to be constructed as reflected in Exhibit A. Exhibit A is intended only as a portrayal of the present intention of the Declarant; the precise location of the buildings and/or layout and dimension of the Units may differ.

The horizontal boundaries of each Unit shall be the planes formed by the bottom of the concrete used to form the floor and the top of the roof structure. The parameterical or vertical boundaries of each Unit shall be the outside surface of the exterior walls and the mid-point between common walls a Unit shares with adjoining Units. The Unit shall include all doors and windows serving the Unit.

To the extent that any chutes, flues, fireplaces, ducts, conduits, wires, load bearing walls, load bearing columns, or any other apparatus lies partially inside of the designated boundaries of a Unit, any portion therefore serving only that Unit shall be deemed a portion of the Unit; all portions thereof serving more than one Unit shall be deemed a part of the Limited Common Elements in favor of those Units.

Heating systems and cooling systems that serve a single Unit (including any part of such a system that is located outside of the boundaries of the Unit), all duct work for heating systems and appliances and plumbing fixtures within a Unit and serving only that Unit shall be part of the Unit.

In addition to the portion of the Unit described above, each Unit is also comprised of the patio and the courtyard. To the extent that the patio or courtyard of any Unit is defined, in whole or in part, by a wall that is the exterior wall of an adjoining Unit, the wall is part of the Unit as to which it is the exterior wall, and not part of the Unit as to which it defining the patio or courtyard.

c. Description of Common Areas: The Common Areas are all portions of the Property that are not part of a Unit and are not a Limited Common Area.

d. Description of Limited Common Areas: The Limited Common Areas are those areas which have limited access or are intended for use by a limited number of Unit Owners, and include the driveways in front of each Unit, which are limited for use by the Unit Owner of the Unit it serves.

e. Ownership of Units: Each Unit Owner shall own his Unit in fee simple absolute. Each Unit consists of the space described in Description of the Units and Property, set forth in Section b. above, as constructed, without regard to whether the Exhibit A defines exactly where the building in which such Unit was constructed. No Unit Owner shall by deed, map or otherwise subdivide or in any manner cause his Unit to be separated into any tracts, parcels, rooms, or areas smaller than the whole Unit.

f. Ownership of Common Areas: Each Unit Owner shall own, for all purposes, including voting, an undivided interest in the Common Areas and Limited Common

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Areas. Each Unit Owner's percentage of ownership shall be .98039% for each Unit. Each Unit Owner shall own his undivided interest in the Common Areas and Limited Common Areas as a tenant in common with all other Unit Owners and, except as otherwise limited in this Declaration, shall have the right to use the Common Areas (but not the Limited Common Areas) for all purposes incident to the use and occupancy of his Unit as a place of residence, and such other incidental uses permitted by this Declaration, which right shall be appurtenant to and shall run with each Unit. The undivided interest of each Unit Owner in the Common Areas and Limited Common Areas shall remain constant, and may not be altered or changed without the unanimous consent and approval of all Unit Owners, which consent and approval shall be expressed in an amendment to this Declaration complying in all respects with the Act.

g. Percentage of Ownership During Development: Notwithstanding anything contained herein to the contrary, until the Declarant begins landscaping in Phase 2B of the Condominium, the undivided interest of each Unit Owner, for all purposes, shall be 2.32558%.

h. No Severance or Partition of Common Areas or of Ownership Thereof: The Common Areas and Limited Common Areas and the undivided interest of each Unit Owner in the Common Areas and Limited Common Areas shall not be severed or separated from the Unit to which they are appurtenant. No Unit Owner shall execute any deed, lease, mortgage, or other instrument affecting title to his Unit or his Unit Ownership, unless he includes therein both his title or interest in the Unit and his corresponding percentage interest in the Common Areas and Limited Common Areas appurtenant thereto. Any such deed, lease, mortgage or other instrument purporting to affect the one without including also the other shall nevertheless convey, encumber, or affect the title or interest so omitted, even though the interest is not expressly mentioned or described. The Common Areas and Limited Common Areas shall remain undivided among the Unit Owners. There shall be no partition of the Common Areas and Limited Common Areas through judicial proceedings or otherwise until this Declaration is terminated and the Property is removed from the provisions of the Act according to law.

Easements. Each Unit Owner whose Unit includes an exterior wall that defines, in whole or in part, the patio or courtyard of an adjoining Unit Owner has an easement over the adjoining Unit Owner's patio or courtyard to maintain and repair his exterior wall. The party to whom the easement runs shall not exercise the right without first making a good faith effort to coordinate an appropriate date and time to be on the servient property. Easement rights over the entire Property are reserved to the Association.

3. **ADMINISTRATION OF THE PROPERTY.** The Property shall be administered by the Association, acting through its Board of Directors, as follows:

a. Unit Owners, Voting, and Board of Directors: The direction and administration of the Property shall be vested in Association, acting through its Board of Directors. The Unit Owners shall elect and act through a board of Directors (hereinafter called the "Board") in the manner set forth in the Bylaws attached hereto. Each member of the Board shall be an occupant who is a Unit Owner.

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b. General Powers and Duties of the Board: The Board shall have the duty and such powers as shall be reasonably required to direct, administer, manage and protect the Property in accordance with the provisions of this Declaration and said Bylaws and, without limiting the foregoing, the Board shall have the duty and power to assess Unit Owners for the Expense Fund hereinafter provided for the following:

(1) Water, electricity, and other necessary utility services for the Common Areas. The manner in which other utility services will be metered and charged may be determined by the Board of Directors.

(2) A policy or policies of fire insurance with such extended coverage as the Board shall determine to be reasonably required and to protect against losses from fire and other hazards and covering the Common Areas and each of the Units. Said policy or policies may be payable to the members of the Board as trustees for each of the Unit Owners in the percentages established herein as their percentage ownership in the Common Areas, and to the Unit Owners' mortgagees, if any, as their interests appear, or directly to the Insurer. The cost of such insurance shall be paid by the Unit Owners.

(3) A policy or policies in amounts determined by the Board, insuring the members of the Board and their agents and employees and the Unit Owners against any liability to the public or to the owners of the Units and their invitees and tenants incident to the Unit Ownership and/or use of the Common Areas and Limited Common Areas and the Units.

(4) Worker's Compensation Insurance to the extent necessary to comply with applicable laws and to the extent determined by the Board to be advisable, whether required by law or not.

(5) Payment of taxes.

(6) Landscaping, gardening, painting, clearing, maintenance, decorating, repair and replacement of the general Common Areas and the Board shall have the exclusive right and duty to acquire the same for such Common Areas.

(7) Construction, repair and maintenance of parking places for the guests and visitors of the Unit Owners as the Board may determine to be reasonably necessary or convenient.

(8) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessment, water, gas, electricity, telephone service, garbage hauling and other utility services for other Common Areas which the Board is required or allowed to secure or pay for pursuant to the terms of this Declaration or by law which, in the Board's opinion, are necessary or convenient for the benefit of the Unit Owners and the administration, maintenance and operation of the Property as a first class Unit complex or for the enforcement of this Declaration and/or the Bylaws attached hereto.

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(9) Any amount necessary to discharge any mechanic's or materialman's lien or other encumbrance levied against the entire Property or any part thereof which may, in the opinion of the Board, constitute a lien against the Property or against the Common Areas rather than merely against the interests therein of particular Unit Owners. Where one or more Unit Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it and any costs incurred by the Board by reason of such lien or liens shall be specially assessed to said Unit Owners.

(10) Maintenance and repair of any Unit if such maintenance or repair is necessary, in the opinion of the Board, to protect the Common Areas or any portion of the buildings, and the Unit Owner or owners of said Unit have failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to such Unit Owner or owners, provided that the Board shall levy a special assessment against such Unit Owner for the cost of said maintenance or repair.

(11) Maintenance and repair of any Unit if such maintenance or repair is necessary, in the opinion of the Board, to protect the enjoyment of other Unit Owners of their property, and the Unit Owner or owners of said Unit have failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of such maintenance or repair delivered by the Board to such Unit Owner or owners, provided that the Board shall levy a special assessment against such Unit Owner for the cost of said maintenance or repair.

(12) The services of any person or firm employed by the Board in furtherance of its general powers and duties herein stated, including, but not limited to, accountants, architects, bookkeepers, carpenters, electricians, engineers, gardeners, lawyers, painters, plumbers, property managers, tax advisors, and others determined by the Board to be necessary or convenient. The Board or its agents may enter any Unit when necessary in connection with any maintenance, repair or construction of Common Areas accessible therefrom, and for making repairs to the Common Areas or to a Unit as is allowed for by this Declaration or by the bylaws. Such entry shall be made with as little inconvenience to the Unit Owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the Expense Fund.

c. Limitation of the Powers of the Board: The Board's power herein above enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the Expense Fund any capital addition or improvement (other than for purposes of replacing or restoring portions of the Common Areas, subject to all of the provisions of this Declaration) having a total cost in excess of \$10,000.00; nor shall the Board authorize any structural alterations, capital additions to, or capital improvements of the Common Areas requiring an expenditure in excess of \$10,000.00, without in each case obtaining the prior approval of the voting members holding a majority of the total votes. All vouchers for payment of expenditures by the Board shall be signed by such officer or officers, agent or agents of the Board and in such manner as from time to time shall be determined by written resolution of the Board, in the absence of such determination by the Board, such vouchers shall be signed by the Treasurer and

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countersigned by the President of the Association. The Board may adopt such reasonable rules and regulations as it may deem advisable, for the maintenance, conservation and beautification of the Property, and for the health, comforts safety and general welfare of the Unit Owners and occupants. Written notice of such rules and regulations shall be given to all Unit Owners and occupants, and the Property shall at all times be maintained subject to such rules and regulations.

4. **ASSESSMENTS AND EXPENSE FUND.** There shall be an Expense Fund and assessments against the Unit Owners as follows:

a. Creation of Expense Fund and Obligation for Assessments: The Board shall establish an Expense Fund to be used for the expenses described in ¶ 3, above, and the administration, maintenance and operation of the Property and for the enforcement of the provisions of this Declaration and the Bylaws, attached hereto, which Expense Fund shall be financed or funded by assessments herein provided, paid by all Unit Owners.¹ The initial monthly assessment shall be: *Tango \$185.00 Flamenco \$193.00*

Merengue \$211.00 Merengue + \$219.00

The fund shall be administered on a fiscal year basis, which fiscal year shall end on December 31 of each year. Each year, on or before November 30, the Board shall estimate the total amount necessary to pay the cost of wages, materials, insurance, services and supplies which will be required for the administration, maintenance, repair, replacement and improvement of the Common Areas of the Property during the ensuing fiscal year, for the exercise and performance of the powers and duties of the Board and for the benefit of the Unit Owners, for the administration, maintenance and operation of the Property, and for the enforcement of the provisions of this Declaration and the Bylaws attached hereto, together with a reasonable amount considered by the Board to be necessary for a reserve for contingencies and replacements and shall notify each Unit Owner as to the amount of such estimate.

Said estimated amount shall be assessed to the Unit Owners. Each Unit Owner will be assessed an amount equal to (1) the total estimate less the portion of the estimate based upon the cost of the insurance described in 3.b(2), above, multiplied by .98039%² plus (2) the portion of the estimate based upon the cost of the insurance described in 3.b(2), above, multiplied by a fraction the denominator of which is the total square footage of all Units for which Certificates of Occupancy have been issued and the numerator of which is the square footage of the particular Unit as to which the assessment is being made. On or before January 1 of each year, and the first day of each and every month of said year, each Unit Owner shall be obligated to pay to the Board, or as the Board may direct, one-twelfth of the assessment made pursuant to this Paragraph.

b. Management of the Expense Fund and Collection of the Assessments: On or before March 1 of each year, the Board shall supply to each Unit Owner an itemized accounting of the administrative, maintenance and other expenses for the preceding calendar year actually incurred and paid, together with a tabulation of the amounts collected pursuant to

¹ In addition to this fund, each Unit Owner is subject to assessments by the Del Prado Swimming Pool Association, and Sonoma Ranch East Subdivision Owners Association.

² Until the Developer begins landscaping phase 2B, the percentage used in this formula shall be 2.32558%.

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the estimate provided, 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 be credited according to each Unit Owners' percentage of ownership to the next monthly installment due from Unit Owners under the current years estimate, until exhausted, and any net shortage shall be added according to each Unit Owner's percentage of ownership in the Common Areas to the installments due in the succeeding six months after rendering of the accounting.

The Board shall build up and maintain a reasonable reserve for contingencies and replacements. Extraordinary expenditures not originally included in the annual estimate which may become necessary during the year shall be charged first against such reserve. If said estimated cash requirement proves inadequate for any reason, including nonpayment of any Unit Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Unit Owners according to each owner's percentage ownership in the Common Areas. The Board shall serve notice of such further assessments on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall become effective with the monthly Expense Fund payment which is due not less than ten days after the delivery or mailing of such notice of further assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount.

The failure or delay of the Board to prepare or serve the annual or adjusted estimate on the Unit Owners shall not constitute a waiver or release in any manner of such Unit Owners obligation to pay the assessments for the Expense Fund, whenever the same shall be determined. In the absence of any annual estimate or adjusted estimate, the Unit Owners shall continue to pay the monthly assessment at the then existing monthly rate established for the previous period for which said monthly rate.

The Board shall keep full and correct detailed books of account and records of the receipts and expenditures affecting the Common Areas, specifying and itemizing the maintenance and repair expenses of the Common Areas and any other expenses incurred. The records and the vouchers authorizing the payments shall be available to inspection by any Unit Owner or any representative of any Unit Owner duly authorized in writing, at reasonable time or times during normal business hours as may be requested by the Unit Owner. Upon ten days notice to the Board and payment of a reasonable fee any Unit Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

All funds collected hereunder shall be held and expended for the purposes designated herein and (except for such special assessments as may be levied against less than all of the Unit Owners, and for such adjustments as may be required to reflect delinquent or unpaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the same percentages as their percentage ownership specified herein.

If a Unit Owner is in default in the monthly payment of the aforesaid charges or assessments for thirty days or longer, the members of the Board may cause a demand letter to be sent to the defaulting Unit Owner, who shall then pay the delinquent assessments,

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together with interest at the rate of 18% from the date that payment was due, together with a fee of \$75.00.

Without regard to with the Board causes a demand letter to be sent, the members of the Board may bring suit for and on behalf of themselves and as representatives of all Unit Owners to enforce collection thereof or to foreclose the lien therefor as hereinafter provided and there shall be added to the amount due the costs of such suit, together with interest at the rate of 18% and reasonable attorney's fees. To the extent permitted by the New Mexico Condominium Act as from time to time amended, and by any Court decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid charges or assessments and interest, costs and fees, as above provided, shall be and become a lien or charge against the Unit Ownership of the Unit Owner involved when payable and may be foreclosed by an action brought in the name of the Board as in the case of foreclosure of mortgages against real estate, and the period allowed for redemption shall be one month from and after the date of foreclosure sale. Said lien shall take effect and be in force when and as provided in the New Mexico Condominium Act, provided, however, that encumbrances owned or held by any mortgagor or vendor shall be subject as to priority, after written notice to said encumbrances of unpaid Common Expenses, only to the lien of all Common Expenses on the encumbered Unit which become due and payable subsequent to the date said encumbrances either takes possession of the Unit, accepts a conveyance of any interest therein, or files suit to foreclose his lien.

Any person or entity that has a valid lien against any Unit may from time to time request in writing a statement setting forth the unpaid Common Expenses with respect to the Unit covered by its lien and, unless its request shall be complied with within thirty days, all unpaid Common Expenses which become due prior to the date of the making of such request shall be subordinate to such lien. In the event of a voluntary conveyance of any Unit Ownership, the grantor and grantee shall be jointly and severally liable for all unpaid Common Expenses and assessments for Common Expenses related to said Unit Ownership at the time of such grant or conveyance.

No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or by abandonment of his Unit.

c. Special Assessments to Particular Unit Owners: In the event that the Board authorizes expenses of any kind for the unique benefit of a Unit Owner, regardless whether the expenses are for repair and maintenance of the Unit or Limited Common Elements, the Board may assess the particular Unit Owner for those expenses. The Unit Owner shall pay the assessment as required by the Board. If the Unit Owner fails to pay the assessment as required, the Board shall have all of those remedies that are available to it when assessments for the Expense Fund are not paid.

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5. COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY.

The Units and Common Areas shall be occupied and used as follows:

a. The Units and Common Areas shall be used and occupied solely and exclusively for the purpose of a lodging or dwelling for the Unit Owner, his family, guests or by a tenant or tenants of the Unit Owner in accordance with the provisions of this Declaration.

b. There shall be no obstruction to the Common Areas nor shall anything be stored in the Common Areas without the prior consent of the Board except as hereinafter expressly provided. Each Unit Owner shall be obligated to maintain and keep in good order and repair his own Unit and the Limited Common Areas and appurtenant thereto.

c. Cars of Unit Owners and guests of Unit Owners shall be parked in garages, driveways or designated parking areas only.

d. Proposed modifications and additions to the Unit must be submitted in writing by the Unit Owner for Board approval and be approved by the Board prior to construction. A Unit Owner may stucco or paint an exterior wall that favors his Unit without permission of the Board only if the stucco or paint is the same color as it was. A Unit Owner may not change the style or color of the Unit's roof, windows or garage door without Board approval.

The Board shall have the right to inspect any construction or painting following completion. Nothing shall be done or kept in any Unit or in the Limited Common Areas appurtenant thereto or in the Common Areas which will increase the rate of insurance on the buildings or contents thereof, without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas which will result in the cancellation of insurance on the building involved or contents thereof or which would be in violation of law or constitute a nuisance. No waste will be committed in the Common Areas.

e. Unit Owners shall not cause or permit anything to be hung or displayed outside of windows or placed on the outside walls of the buildings and no sign, awning, canopy, or shutter shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Board. Notwithstanding the above, Unit Owners may display an American flag, as well as seasonal decorations, in a manner that does not unreasonably interfere with the enjoyment of their Units by other Unit Owners. No microwave receiver, antenna or satellite dishes or other service for the transmission or reception of television signals, radio signals or other form of electromagnetic radiation, visible from the ground shall be erected, used or maintained on any Unit, without prior approval of the Board. Notwithstanding the foregoing, the Board shall approve a location visible from the ground if such location is the only location where an adequate signal can be received. No radio signals, television signals, or any other form of electromagnetic radiation shall originate from any Unit which may unreasonably interfere with the reception of any television or radio signal on any other Unit.

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f. No animals, rabbits, livestock, birds, fowl or poultry shall be raised, bred or kept in any Unit, or in any of the Common Areas except that a Unit occupant may own and keep in each Unit one dog and one domestic cat or two dogs or two domestic cats, provided that no single animal weighs in excess of thirty pounds. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three days written notice from the Board. Any pet allowed to run free in the Common Areas may be removed therefrom by the Board and either disposed of or returned to the owner upon payment of such amount or performance of such other condition as the Board may determine.

g. No noxious or offensive activity shall be carried on in any Unit or in the Limited Common Areas or in the Common Areas, nor shall anything be done therein or thereon either willfully or negligently, which may be or become an annoyance or nuisance to other Unit Owners or occupants.

h. Nothing shall be done in any Unit or in, on or to the Common Areas or Limited Common Areas which will impair the structural integrity of any building or which would jeopardize the soundness or safety of any building or would structurally change any building except as otherwise expressly provided herein, or which would reduce the value of or impair easements, servitudes, rights, privileges, or hereditaments belonging to or in anywise appertaining to the Property.

i. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Limited Common Areas, the Common Areas or any part of any Unit which is visible from any part of the Common Areas. The Limited Common Areas and the Common Areas shall be kept free and clear of rubbish, debris, and other unsightly materials at all times.

j. The porch and enclosed courtyard are to be used as extensions of the Unit's living areas, and not for storage. No portable storage units, storage sheds or unsightly clutter is allowed.

k. No industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise designed for profit, altruism, exploration or otherwise, shall be conducted, maintained, or permitted on any part of the Property, unless the prior written consent of the Board is first obtained. No part of the Property shall be used for other than housing and the related common purposes for which the Property was designed. Each Unit shall be used as a residence for a single family and for no other purpose. However, a Unit Owner may use a portion of his Unit for an office or studio provided that the activities therein and/or the visitors thereto shall not interfere with the quiet enjoyment or comfort of any other Unit Owner or occupant, and the Board of Directors shall have the power to determine whether such interference exists and, if necessary, to order that such interference cease and to file suit to enjoin the continuance thereof.

l. No "for rent" signs may be displayed on any Unit, or on the Property, until all Units have been sold by the Declarant. No "for rent" or other signs or displays or advertising

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of any kind be maintained or permitted on any part of the Property or in any Unit therein, unless the prior written consent of the Board is first obtained.

m. Nothing shall be altered or constructed or removed from the Common Areas except upon the prior written consent of the Board. The Common Areas, and the use thereto shall be subject to such rules, limits and charges as the Board shall from time to time determine.

6. DAMAGE OR DESTRUCTION AND RESTORATION OF PROPERTY.

In the event of damage or destruction of all or any part of the Property the following rules shall apply:

a. Sufficient Insurance: If the improvements forming a part of the Property, or any part thereof, including any Unit, shall suffer damage or destruction from any cause and the proceeds of any policy or policies insuring against such loss or damage, and payable by reason thereof, shall be sufficient to pay the cost of repair or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken and the insurance proceeds shall be applied by the Board or the payee of such insurance proceeds in payment thereof; provided, however, that if, within thirty days after such damage or destruction, the Unit Owners elect either to sell the Property as provided in Paragraph 7 hereof or to withdraw the Property from the provisions of the New Mexico Condominium Act as therein provided, then such repair, restoration or reconstruction shall not be undertaken.

b. Insufficient Insurance: If the Property or the improvements thereon so damaged are not insured against the risk causing the loss or damage, or the insurance proceeds are not sufficient to pay the cost of repair, restoration or reconstruction, and the Unit Owners do not, by affirmative vote of at least two-thirds of the total vote, at a meeting of the Unit Owners duly called for such purpose, voluntarily make provision for the repair, restoration, or reconstruction of the improvements within one hundred and eighty days after such damage or destruction, then the insurance indemnity, if any, shall be delivered pro rata to the Unit Owners sustaining loss or damage, and the Unit Owners shall elect either to sell the Property as hereinafter provided in Paragraph 7 or to withdraw the Property from the provisions of this Declaration and from the provisions of the New Mexico Condominium Act as herein provided.

c. Extent of Repairs: Repairs, restoration or reconstruction of the improvements as used in this Paragraph means restoring the improvements to substantially the same condition in which they existed prior to the fire or other disaster, with each Unit and the Common Areas having the same vertical and horizontal boundaries as before.

7. SALE OF THE PROPERTY. In the event all of the buildings and improvements on the Property are damaged or destroyed, the Unit Owners, by affirmative vote of at least three-fourths of the total vote of the Unit Owners cast at a meeting of the Unit Owners duly called for such purposes may elect to sell the Property as a whole. Such action shall be binding upon all Unit Owners, and it shall thereupon become the duty of each Unit Owner to execute and deliver such instruments and to perform all acts which may be necessary or convenient to effect such sale; provided, however, that any Unit Owner who did not vote in favor

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of such action and who has filed written objection thereto with the Board within twenty days after the date of the meeting at which such sale was approved shall be entitled to receive from the proceeds of such sale an amount equivalent to the value of his interest, as determined by a fair appraisal, less the amount of unpaid assessments or charges due and owing from such Unit Owner. In the absence of agreement on an appraiser, such Unit Owner and the Board may each select an appraiser and the two so selected shall select a third and the fair market value as determined by a majority of the three so selected shall control. If either party shall fail to select an appraiser, then the one designated by the other party shall make the appraisal.

8. REMEDIES FOR BREACH OF COVENANTS, RESTRICTIONS AND REGULATION. If any covenant, restriction or regulation applicable to the Property is violated the following remedies shall apply:

a. Right to Enforce Covenants, Restrictions and Regulations: The right to enforce the covenants, restrictions, and regulations set forth herein, set for in the bylaws, or adopted by the Board shall rest solely with the Association, acting through the Board. Individual Unit Owners shall have no rights to enforce these covenants, restrictions, and regulations individually. If the Association is the successful party in any litigation arising under this Declaration or under the bylaws, it shall be entitled to recover all of its reasonable costs and attorneys' fees.

b. Abatement and Enjoinment: The violation of any restriction or condition or regulation adopted by the Board, or the breach of any covenant or provision herein contained, shall give the Association, acting through the Board, the right, in addition to the rights set forth elsewhere herein or provided by law, to enter upon the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of defaulting Unit Owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and neither the Developer nor its successors nor assigns, nor the Association, nor the Board nor its agents, shall thereby be deemed guilty of trespass, or to enjoin, abate, or remedy by appropriate legal proceedings either at law or in equity the continuance of any breach.

c. Termination of Ownership: If any Unit Owner (either by his own conduct or by the conduct of any other occupant of his Unit) shall violate any of the covenants or restrictions or provisions of this Declaration or the Bylaws hereto attached as Exhibit B or the regulations adopted by the Board, and such violation shall continue for thirty days after notice in writing from the Board, or shall occur repeatedly during any thirty day period after written notice or request to cure such violation from the Board, then the Board shall have the power to issue to the defaulting Unit Owner a ten day notice in writing to terminate the rights of the said defaulting Unit Owner to continue as a Unit Owner and to continue to occupy, use or control his Unit and thereupon a suit in equity may be filed by the Association against the defaulting Unit Owner for a mandatory injunction against the Unit Owner or occupant, or, subject to the prior consent in writing of any mortgagee having a mortgage lien on the Unit Ownership of the defaulting Unit Owner, which consent shall not be unreasonably withheld, in the alternative, a decree declaring the termination of the default and the Unit Owner's right to occupy, use or control the Unit owned by him on account of the breach of covenant, and ordering that all the

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right, title and interest of the Unit Owner in the Property shall be sold (subject to the lien of any existing mortgage) at a judicial sale upon such notice and terms as the Court may order, except that the Court shall enjoin and restrain the defaulting Unit Owner from reacquiring his interest at such judicial sale. The proceeds of any such judicial sale shall first be paid to discharge the Court costs, special master's fees, reasonable attorney's fees and all other expenses of the suit and judicial sale, and all such items shall be taxed against the defaulting Unit Owner as costs in said decree. Any balance of proceeds, after satisfaction of such charges and any unpaid assessments hereunder or any liens, shall be paid to the Unit Owner. Upon the confirmation of such sale, the purchaser shall thereupon be entitled to a Special Master's Deed to the Unit Ownership and to immediate possession of the Unit sold and may apply to the Court for a writ of assistance for the purpose of acquiring such possession, and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Declaration and the Bylaws hereto attached.

9. **GENERAL PROVISIONS.** The following general provisions shall govern the administration and management of the Property:

a. The Board of Directors provided for in this Declaration has been formed to exercise the powers, rights, duties and functions of the Board.

b. Upon written request to the Board, the holder of any duly recorded mortgage or Deed of Trust against any Unit Ownership shall be given a copy of any and all notices permitted or required by this Declaration to be given to the Unit Owner or Unit Owners whose Unit Ownership is subject to such mortgage or Deed of Trust.

c. Notice required to be given to the Board or the Unit Owners may be delivered to any member of the Board either personally or by mail addressed to such Board member at his Unit. Such notice, however, must specifically state that it is intended to serve as notice pursuant to this Declaration.

d. Notices required to be given any devisee or personal representative of a deceased Unit Owner may be delivered either personally or by mail to such personal representative at his or its address appearing in the records of the Court wherein the estate of such deceased Unit Owner is being administered.

e. Each Unit Owner, by the acceptance of a deed or other instrument of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits, and privileges of every character hereby granted, created, reserved or declared, and all obligations hereby imposed shall be covenants running with the land, and shall bind any person having at any time any interest or estate in the land, and shall inure to the benefit of such Unit Owner in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.

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f. No covenants, restrictions, conditions, obligations or provisions contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

g. The invalidity of any covenant, restriction, condition, limitation or other provision of this Declaration, or any part thereof, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.

h. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful or void as violative of the rule against perpetuities or some analogous statutory or common law provision or the rule restricting restraints on alienation or any other statutory or common law rule imposing time limits, then such option, privilege, covenant or right shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of the present members of Sonoma Ranch Construction, LLC, namely David M. Steinborn, George A. Rawson and Dale A. Schueller.

i. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a first class condominium development.

j. This Declaration may be amended by the Unit Ownerships by affirmative vote of at least three-fourths of the total vote of the Unit Owners, having voting rights, cast at a meeting of the Unit Owners duly called for such purpose.

k. The agent for service of process upon the Unit Owners is the President of Del Prado Condominium Association. The initial President is David M. Steinborn, 141 Roadrunner Parkway, Suite 141, Las Cruces, New Mexico, 88011.

l. The provisions of sections 3 and 4, and this subparagraph l of 9 of this Declaration may be amended, changed, modified or rescinded only by a written instrument setting forth such amendment, change, modification or rescission which has been unanimously approved by the Board, the Unit Owners and all persons having bona fide liens of record against any Unit Ownership, such unanimous approval being shown by a sworn and acknowledged certificate from the chief officer and secretary of the Board. Other provisions of this Declaration may be amended, changed, modified or rescinded only by a written instrument setting forth such amendment, change, modification or rescission which has been approved by the members of the Board and the Unit Owners having at least seventy-five per cent of the total votes thereof, such approval being shown by a sworn and acknowledged certificate from the chief officer and secretary of the Board.

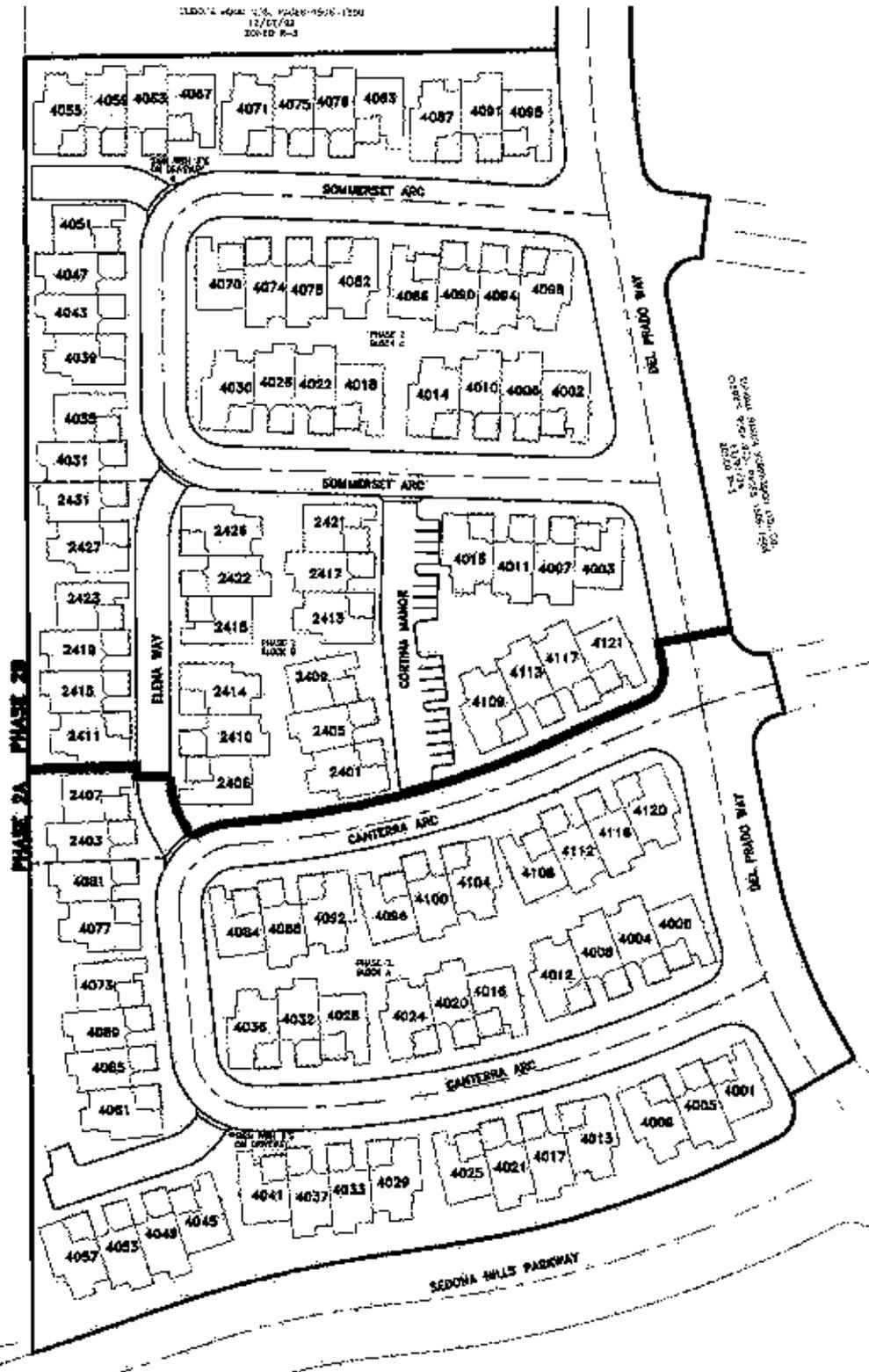
m. Any amendment, change, modification or rescission of this Declaration or the Bylaws hereto attached shall be effective only when filed for record in the office of the County Clerk of Dona Ana County, New Mexico. No amendment, change, modification, or rescission of any provision of this Declaration or the Bylaws hereto attached shall be valid or effective if such amendment, change, modification or rescission violates or conflicts with the

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**EXHIBIT A
TO THE
DECLARATION OF CONDOMINIUM
for
DEL PRADO CONDOMINIUMS**

A single page is attached, showing the Property, the Developers current plans as to where each building will be built, and the address for each Unit.

DEL PRADO SUBDIVISION, PHASE 2 ADDRESS PLAT
 LOCATED IN SECTION 34, T.22S., R.2E., N.M.P.M.
 CITY OF LAS CRUCES, DONA ANA COUNTY, NEW MEXICO
 SCALE: 1" = 60'



SCALE: 1" = 60'

NO.	DATE	DESCRIPTION	BY	DATE	DESCRIPTION	BY
GUNAJI-KLEMENT & ASSOCIATES 1512				DEL PRADO SUBDIVISION 1 - 1		05/10/09

**EXHIBIT B
TO THE
DECLARATION OF CONDOMINIUM
for
DEL PRADO CONDOMINIUMS**

The bylaws to be adopted by Del Prado Condominium Owners' Association, Inc., are attached.

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**BY-LAWS OF DEL PRADO
CONDOMINIUM OWNERS' ASSOCIATION, INC.**

1. **NAME OF ASSOCIATION.** The name of this Corporation shall be Del Prado Condominium Owners' Association, Inc. and shall be referred to herein as "the Association."

2. **ASSOCIATION IS NONPROFIT.** The Association has been formed pursuant to the New Mexico Non-Profit Corporation Act.

3. **SPECIFIC PURPOSE.** The specific and primary purposes of this Association shall be to repair, maintain and manage the property owned by the Association, to enforce any enacted Protective Covenants and the Rules adopted by the Board of Directors, and to otherwise enhance and promote the use and enjoyment of the property owned by the Association.

4. **DECLARATION.** "Declaration" means the Condominium Declaration for Del Prado Condominium filed with the County Clerk for Dona Ana County, and recorded at Book 096, pages 1495-1520 in the County Clerk's office, Dona Ana County, New Mexico.

5. **OWNERS' MEETINGS.** The Owners shall hold meetings as follows:

a. Condominium Unit Owners in Del Prado Condominium are Owners for purposes of these By-Laws.

b. The Annual Owners' Meeting shall be held on the first Thursday of November of each year for the purpose of electing Directors and transacting and other business authorized to be transacted by the Association. If that day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a legal holiday.

c. Special Owners' Meeting shall be held whenever called by the President or Vice President or a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from Unit Owners who have at least twenty percent of the votes of the association.

d. Notice of all Owners' meetings, stating the time and place and the object for which the meeting is called, shall be given by the President, Vice President or Secretary unless waived in writing. Such notice shall be in writing to each Owner at his or her address as it appears on the records of the Association and shall be mailed not less than ten nor more than sixty days before the date of the meeting. Proof of such mailing shall be the certificate of the person giving the notice. Notice of meeting may be waived before or after meetings.

e. Each Unit shall be entitled to cast one vote, which shall not be weighted.

f. A quorum at Owners' meetings shall consist of persons representing 20% of the Percentage Interests of the Condominium. If any meeting of the Owners cannot be

organized because a quorum has not attended, the Owners who are present (either in person or by proxy), may adjourn the meeting for the least ten days and adequate notice of the new date shall be given as described in subparagraph (d) of this section 5. At a subsequent re-scheduled meeting, a quorum shall consist of persons representing 10% of the Percentage Interests of the Condominium, attending in person or by proxy.

If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, the person entitled to cast the vote for that Unit shall be designated by a certificate signed by all of the record Owners of that Unit and filed with the Secretary of the Board of Directors. If a Unit is owned by a partnership, limited liability company or corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the General Partner of a partnership, by the Member-Manager of a limited liability company or by the President or Vice President and attested by the Secretary or Assistant Secretary of a corporation and filed with the Secretary of the Board of Directors. Such certificates shall be valid until revoked, or until superceded by a subsequent certificate, or until a change in record ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any Owner thereof. If there are multiple Owners of one Unit, and they have failed to file a certification as to who is entitled to vote their interests, no vote shall be counted for that Unit.

g. Votes may be cast in person or by proxy. Owners may, by written proxy, authorize others to cast votes on their behalf. A written proxy shall be limited to six months' duration. Proxies should be filed with the Secretary. Owners who have given proxies shall be counted for purposes of a quorum.

h. Notwithstanding anything contained herein to the contrary, until the Developer of Del Prado Condominium, hereinafter "the Developer," has completed and sold all of the Units in the condominium, or until the Developer elects to terminate its control of the condominium, whichever shall first occur, there shall be no meeting (annual or special) of the Owners of the Units unless a meeting is called by the Developer.

6. **DIRECTORS.** A Board of Directors shall manage the affairs of the Association as follows:

a. The original Board shall consist of David M. Steinborn, George B. Rawson and Dale A. Schueller. All subsequent Boards shall consist of not less than five Directors, the exact number (which shall be an odd number) to be determined by the Unit Owners at the time of election of the Directors. Directors, other than the original Board of Directors, shall be Unit Owners. The members of the Board shall serve with no pay.

b. Election of Directors shall be conducted at the Annual Meeting of the Owners. Nominations for Directors shall be made from the floor. The election shall be by ballot (unless dispensed with by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his/her votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

c. Except as to vacancies created by removal of Directors by Owners, vacancies in the Board of Directors occurring between annual meetings of Owners shall be filled by the remaining Directors.

d. Any Director may be removed by a two-thirds (2/3) majority vote of those votes represented at a Special Meeting of the Owners called for that purpose. The vacancy in the Board of Directors so created shall be filled by the Owners at the same meeting.

e. Until the Developer has completed and sold all of the Units in the condominium, or when the Developer elects to terminate its control of the Owners' Association, whichever shall first occur, the original Director above-named shall serve, and in the event of vacancy, the vacancy shall be filled by the Developer. Thereafter, each Director shall be elected for a term of three (3) years except that the first Board of Directors elected thereafter shall consist of one-third (1/3) of the Directors whose terms expire in one (1) year, one-third (1/3) of the Directors whose terms expire in two (2) years, and one-third (1/3) of the Directors whose terms expire in three (3) years.

f. Notwithstanding the foregoing, each Director shall serve until his successor is duly elected or appointed and qualified, or until he resigns or is removed in the manner elsewhere herein provided.

7. **DIRECTORS' MEETINGS.** The Directors shall hold meetings as follows:

a. Regular meetings of the Board of Directors may be held at such times and places as shall be determined, from time-to-time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or otherwise at least three (3) days prior to the date named for such meeting.

b. Special Meetings of the Directors may be called by the President and must be called by the Secretary at the written request of any Director. Notice of the meeting shall be given personally or by mail, telephone or otherwise, at least three (3) days prior to the date named for such meeting, and shall state the time, place and purpose of the meeting.

c. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the receipt of notice.

d. A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration or these By-Laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of the Directors present may adjourn from time-to-time until a quorum is present. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

8. **POWERS AND DUTIES OF THE BOARD OF DIRECTORS.** All the powers and duties of the Owners existing under the Declaration and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors, or employees, subject only to approval by Owners when such approval is specifically required.

9. **OFFICERS.** The executive officers of the Association shall be:

a. The President, who shall be a Director; a Vice President, who shall also hold the office of Assistant Secretary and who shall be a Director; a Secretary, who shall be a Director, and a Treasurer, who need not be a Director, all of whom shall be elected annually by the Owners at their annual meeting and who may be removed by vote of a majority of the votes of the Owners at any meeting called for such purpose. The Board of Directors may, from time-to-time, elect other officers to exercise such powers and duties, as the Board may find necessary to manage the affairs of the Association. No compensation of officers' shall be paid, unless a decision to pay compensation is made by majority vote of the Unit Owners.

b. The President shall be the chief executive officer of the Unit Owners and of the Board of Directors. He/she shall have all of the powers and duties which are usually vested in the office of President, including, but not limited to, the power to appoint committees from among the Unit Owners from time-to-time, as he/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association.

c. The Vice President and Assistant Secretary shall, in the absence of, or the disability of the President, notify the Owners and perform the duties of the President and, in the absence or disability of the Secretary, exercise and perform the duties of the Secretary. He/she shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

d. The Secretary shall keep the Minutes of all proceedings of the Directors and of the Owners. He/she shall attend to the giving, mailing and serving of all notices to the Owners and Directors and other notices required by law. He/she shall keep the records of the Owners and the Board of Directors, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary and as may be required by the Directors or the President.

e. The Treasurer shall have custody of all property of the Association, including funds, securities and evidence of indebtedness. He/she shall keep the books of the Association in accordance with good accounting practices and shall perform all other duties incident to the office of Treasurer.

f. Any person may hold more than one office, except that, in all events, the President, Vice President and Secretary shall be three different individuals.

10. **ACCOUNTING.** The funds and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be common maintenance expenses:

a. "Current expenses" which shall include all funds and expenditures to be made within the fiscal year for which the funds are budgeted for expenses incurred for Common Elements of the Condominium, including insurance, a reasonable allowance for contingencies and working funds, excepting expenditures chargeable to reserves, to expenses incurred for Limited Common Elements, to additional improvements or to operations. The balance in this fund at the end of each fiscal year shall be applied to reduce the assessments for current expenses for the succeeding year.

b. "Reserve for deferred maintenance and replacement," which shall include funds for maintenance items, which occur less frequently than annually, and funds for repair or replacement required because of damage, depreciation or obsolescence.

c. "Capital Additions and Improvements," which shall include the funds to be used for capital expenditures for additional improvements.

d. "Expenses incurred for "Limited Common Elements" include expenses benefiting Limited Common Elements as defined and described in the Declaration, which expenses shall then be assessed against the Unit Owner or Unit Owners of the Unit or Unit benefited by the expenses.

e. Expenses for the benefit of a particular Unit, which expenses shall then be assessed against the Unit Owner of the Unit so benefited.

11. EXPENDITURES.

A. **BUDGETS.** As soon as insurance rates, utility rates and other expenses can be determined for each fiscal year, the Board of Directors shall adopt a budget for the fiscal year which shall include the estimated funds required to defray common expenses and funds for the accounts listed in Paragraph 10 of these By-Laws. Copies of the budget and proposed assessments shall be transmitted to each Owner as soon as practicable. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each Unit Owner.

B. **LIMITS.** No expenditure for any capital addition or improvement having a total cost in excess of Ten Thousand Dollars (\$10,000.00) shall be made relating to expenses for Common Elements, without the prior approval of persons representing seventy-five percent (75%) of the Percentage Interests of the Condominium in attendance (in person or by proxy) at a membership meeting, general or special. Said approval may be given in writing.

C. **NONPROFIT PURPOSE.** No Director, officer, member or employee of Association, or any other private individual, shall receive at any time, any of the earnings or funds of the Association; provided that this shall not prevent the payment to any such person of reasonable compensation for services rendered, and no such person shall be entitled to share in the distribution of any of the Association assets upon the dissolution of the Association. At dissolution, excess assessments may be refunded to the Unit Owners, and all other assets shall be transferred exclusively to charitable, religious, scientific, or educational institutions which would

then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code as it now exists, or as amended hereafter.

12. ASSESSMENTS. Assessments shall be made as follows:

a. Assessments against each Unit Owner for his share of the budget for Common Elements and for his share of the budget for Limited Common Elements should be communicated to Unit Owners by December of each year. The assessments for each year are due in twelve month payments, with each payment due on the first day of each month, except when the first day of a month is a Saturday, Sunday or federal holiday, in which case the payment is due on the following business day. The Board of Directors shall have the power to increase or decrease such assessment during the fiscal year for which the assessment is made as expense may require. If an annual assessment is not established as required, an assessment shall be presumed to have established made in the amount of the last preceding annual assessment. If the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. If the budget and assessment is increased during a fiscal year, the increase shall be paid beginning with the first payment due on the month following the increase. Increases in excess of fifteen percent (15%) shall be made only by the Owners, by majority vote as a special meeting called for that purpose.

b. The depository of the Association shall be such bank or banks as shall be designated from time-to-time by the Directors. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

c. Fidelity bonds may be required by the Board of Directors for all persons handling or responsible for funds of the Unit Owners. The Directors shall determine the amount of such bonds, if required, and the premiums on such bonds shall be paid by the Directors and shall be common expenses.

13. AMENDMENTS. These By-Laws may be amended in the following manner:

a. Notice of the subject matter of a proposed amendment shall be included in the notice of any Owners' meeting at which a proposed amendment is to be considered.

b. A Resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the Owners. Directors and Owners not present in person or by proxy at the meeting considering the amendment may express their approval or lack thereof in writing, either before or after the meeting. All amendments must be approved by a majority of the votes of all the Owners, with the Owner of each Unit entitled to cast the number of votes equal to the number of Units owned.

c. No amendment shall discriminate against any Owner, unless the Owner so affected shall consent thereto in writing. No amendment shall change the share in the Common Elements nor in the Limited Common Elements (except as provided in the Declaration in the event of expanding the property by adding additional land), nor increase the Owner's share of the expenses for Common Elements and/or Limited Common Elements, nor change the voting rights

or members (except as provided in the Declaration in the event of expansion of the property by addition additional real estate) or amend Section 11 (b) hereof, unless the record Owner of Unit concerned and all record Owners of liens thereon shall join in the execution of the amendment.

d. A copy of each amendment shall be certified by the President and Secretary as having been duly adopted and shall be effective only when recorded in the office of the County Clerk of Dona Ana County, New Mexico, and no modification of or amendment to these By-Laws shall be valid unless set forth in an amendment to the Declaration and the amendment duly recorded in the office of the County Clerk of Dona Ana County, New Mexico.

The foregoing are adopted as the By-Laws of the Association by the initial Board of Directors of the Del Prado Condominium Owners' Association, Inc., and shall be attached to and recorded in the office of the County Clerk of Dona Ana County, New Mexico.

DEL PRADO CONDOMINIUM OWNERS' ASSOCIATION, INC.

David M. Steinborn

David M. Steinborn, President and Chief Executive Officer

George B. Rawson

George B. Rawson, Secretary

State of New Mexico
County of Dona Ana, ss
RECEPTION NO. 10471

I hereby certify that this
Instrument was filed for
recording and duly recorded on

MAR 27 2006

at 1:21 o'clock P M

Book 686 Page 1495-1520

of the Records of said County.

Rita Torres, County Clerk

By *[Signature]*

STATE OF NEW MEXICO)
) ss.
COUNTY OF DOÑA ANA)

The foregoing instrument was acknowledged before me this 25th day of March, 2006, by David M. Steinborn, President and Chief Executive Officer, and George B. Rawson, Secretary, of Del Prado Condominium Owners' Association, Inc.

[Signature]
Notary Public



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