

BY-LAWS

OF

COUNTRY CLUB VILLAS AT FARMINGTON HOMEOWNERS ASSOCIATION

The property and the affairs of the Homeowners Association of Country Club Villas at Farmington (hereinafter referred to as the "Association"), as defined in the Third Amended Declaration of Condominium Ownership (hereinafter referred to as the "Declaration"), shall be governed, administered and regulated by the following By-Laws;

ARTICLE I

NON-PROFIT ASSOCIATION

A. Non-Profit Corporation. The Association is a New Mexico Non-Profit Corporation, and it does not and shall not afford pecuniary gain, incidentally or otherwise, to its members who are the unit owners. The Association shall not pay dividends or other pecuniary remuneration, directly or indirectly, to its members; it shall not issue any capital stock; no part of the monies received by the Association shall inure to the pecuniary gain of its members, directly or indirectly. The Association has such powers as are now, or may hereafter be, granted to Non-Profit Corporations by the Laws of the State of New Mexico, but the Association is formed for the purpose of acting as a conduit for its members in the collection of money and the payment thereof. It is not intended to service persons or entities other

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than its members, and its business dealings are confined to servicing its members.

B. Operation Subject to Declaration. The operation of this Association shall be subject to the easements, rights, restrictions and obligations as contained in the Third Amended Declaration recorded in the office of the San Juan County Clerk, Aztec, New Mexico, to which Declaration a copy of these By-Laws is attached.

ARTICLE II

OFFICES

The Association shall have and continuously maintain a registered office in Farmington, New Mexico, and shall designate an Agent for Service of Process whose name and address shall be filed with the New Mexico State Corporation Commission in Santa Fe, New Mexico. The Association may have such other offices as the Board of Directors may from time to time determine.

ARTICLE III

MEMBERS

A. Classes of Members. The Association shall have only one class of members, designated as "regular members" or "members".

B. Qualifications of Members. The owner of each unit in the Country Club Villas Condominiums property shall be a regular member of the Association and shall be entitled to all rights and

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privileges set forth in the Declaration, these By-Laws, and any Rules and Regulations adopted by the Association. In the case that more than one person shall be the owner of a unit, a regular membership shall be accorded to such persons as a group, but not individually. Should any person or group own more than one unit, such person or group shall be entitled to one membership for each unit so owned.

C. Termination of Membership. In case any member of the Association ceases to be an owner of any unit, the regular membership of such person shall terminate as of the time such person ceases to be an owner, and the new owner shall automatically become a member.

D. Membership Lists. The Board of Directors of the Association (hereinafter referred to as the "Board of Directors" or the "Board") shall have the duty of preparing or causing to be prepared a list of the regular members of the Association and shall have the additional duty of amending or revising or causing to be amended or revised such list as memberships are terminated, added or changed.

E. Voting Rights. One person (hereinafter referred to as the "voting member" or the "voting delegate") shall be entitled to vote on behalf of each member. The voting delegate shall be the owner of a unit or a person designated by an owner to act as proxy. Such designation shall be made in writing to the Board for each duly announced meeting of the general membership at

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which member voting priveleges will or may be exercised, and it may be revoked prior to its exercise at said meeting by actual notice to the Board of the death or judicially declared incompetence of the owner designator or by written notice or revocation by the owner to the Board. Any or all of the owners may be present at any meeting of the voting delegates. A voting delegate shall vote in person. The total number of votes of all voting delegates shall be 79, and each member shall be entitled to one (1) vote.

F. Transfer of Membership. Membership in this Association is not transferable or assignable, except upon transfer of ownership of a unit or upon foreclosure of a mortgage on a unit. The purchaser at a foreclosure sale, upon obtaining title to the unit, shall succeed to membership.

ARTICLE IV

MEETINGS OF MEMBERS

A. Annual Meeting. There shall be an annual meeting of the members on the first Monday of December at 7:00 P.M. or at such other reasonable time not more than thirty-one (31) days before or after this stated time as may be decided by the Board. The location of the meeting shall be at the meeting room of a "facility" in Farmington, New Mexico, to be selected and duly announced by the Board as required by these By-Laws. Written notice of such meeting shall be delivered to the members not less

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than ten (10) days nor more than forty (40) days prior to the date established for said meeting.

B. Special Meetings. Special meetings of the voting delegates may be called at any time for the purpose of considering matters which, by the terms of the Declaration, require the approval of all or part of the members or for any other reasonable purpose. These meetings shall be called by written notice, authorized by a majority of the Board or by at least one-third (1/3) of the regular voting members, and delivered to voting delegates not less than ten (10) days nor more than forty (40) days prior to the date established for the meeting. Said notice shall specify the date, time and place of meeting and the matters to be considered.

C. Notice of Meetings. Notices of meetings required by these By-Laws may be delivered either personally or by mail to the voting delegates, addressed to each such person at the last address given by him to the Board for the purpose of service of such notices.

D. Quorum. The presence of voting delegates at any meeting of the Association representing a simple majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein or in the Declaration, any action may be taken at any meeting of the voting delegates at which there is a quorum, upon the affirmative vote of a simple majority of votes represented by the voting delegates present at such meeting.

ARTICLE V

BOARD OF DIRECTORS

A. Qualifications. The Association shall act through its Board of Directors, and the Board shall have such powers as are hereinafter set forth. Each Board member shall be a unit owner, except that in the event a unit owner is a legal entity other than a natural person, an officer of an owner corporation, a partner of an owner partnership, or a trustee of an owner trust, as the case may be, shall be eligible to serve as a Board member.

B. Meetings, Number, Tenure, Quorum, Compensation, Vacancies and Renewal.

1. The regular annual meeting of the Board of Directors shall be held on the same date and at the same place established for the annual meeting of members and at the earliest practicable time following the conclusion of such meeting of members.
2. Special meetings of Directors may be called by the President at any time by giving 10 (ten) days notice in writing to each director, provided that any such notice may be waived by a director in writing or by his attendance at such meeting.
3. At each regular annual meeting, the voting delegates shall, by a majority of the votes present at such meeting, elect a Board of

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Directors for the forthcoming year. The Board shall consist of five (5) regular members of the Association. Three (3) members of the Board shall constitute a quorum. Except where the office of Association Treasurer may be held by a member of the Board, Board members shall serve without compensation for the term of one (1) year or until their successors are elected and qualified in their stead.

- 4. Any Board member may be removed from office by affirmative vote of at least three-fourths (3/4) of the voting members of the Association at any special meeting called for that purpose.
- 5. Vacancies in the Board shall be filled by unanimous vote of the remaining Board members. Should the remaining Board members fail to agree upon a successor within ten (10) days following the effective date of the vacancy, such vacancy shall be filled by a majority vote of members of the Association at a special meeting called for such purpose. Except as otherwise provided in the Declaration and these By-Laws, the Board shall act by majority vote of those present at its meetings when a quorum exists, but in no instance shall the Board act unless at least two (2) members are in

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agreement. Meetings of the Board may be called, held and conducted in accordance with such regulations as the Board may adopt.

C. General Powers of the Board. The Board shall have the following general powers:

- 1. To acquire, and pay for, from the Association fund hereinafter provided for, the following:
 - a. Policy of Insurance Governing the Board, their agents and employees and the unit owners against any liability, to the public, to the owners of the units and their invitees or tenants, incident to the ownership or use of the common areas and facilities;
 - b. Snow removal, painting, cleaning, maintenance, decorating, repair and replacement of the common areas and facilities;
 - c. Repair and maintenance of parking spaces in the common areas;
 - d. Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Board is required to secure or pay for, pursuant to the terms of the Declaration, these By-Laws, by legal requirement or which

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in its opinion, shall be necessary or proper for the benefit of all the unit owners;

e. Any Amount necessary to discharge any mechanics' 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 and facilities, rather than merely against the interest therein of particular unit owners; and 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 said lien and any costs incurred by the Board by reason of said lien or liens shall be specifically assessed to said unit owners;

f. Maintenance and repair of any unit, if such maintenance or repair is necessary, in the discretion of the Board, to protect the common areas and facilities or other portions of the building(s), provided the unit owner or owners of said unit have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the

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necessity of said maintenance or repair was delivered by the Board to said unit owner or owners. The Board shall levy a special assessment against such unit owner to recover the cost of said maintenance or repair;

g. The services of any person or firm employed by the Board in furtherance of its general powers and duties.

2. The board may enter or it may cause its agents or employees to enter any units when necessary in connection with any maintenance, repair or construction therein, or in connection with maintenance, repair or construction of common areas and facilities accessible therefrom, or in connection with making emergency repairs to prevent damage to the common areas and facilities or to another unit for which the Board is responsible. Such entry shall be made with as little inconvenience to the unit owners as practicable.

3. The Board may adopt administrative rules and regulations for administering, governing and controlling the use, maintenance and repair of

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the Property as it deems appropriate as long as those rules and regulations do not conflict with the law, the Declaration or these By-Laws.

- 4. The Board may engage the services of a manager or managing agent on terms and conditions which it deems reasonable and appropriate; providing, however, that the terms of any agreement for professional management of the condominium project, or any other contract providing for services of the Declarant, may not exceed three (3) years; and providing further, that any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

D. Limitation of Powers of the Board.

- 1. The Board shall have no authority to acquire and pay for out of the Association fund any capital addition or improvement, other than for purposes of replacing or restoring portions of the common areas and facilities, requiring an expenditure in excess of Five Hundred Dollars (\$500.00) without the prior approval of at least two-thirds (2/3) majority of the voting members of the Association.

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- 2. All vouchers for payment of expenditures by the Board shall be signed by at least two officers, one of whom shall be the President or Treasurer.
- 3. The Board shall keep full, accurate and detailed books of account and records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing the maintenance and repair expenses of the common areas and facilities and any other expenses incurred and paid. The receipts and vouchers authorizing the payments shall be available for inspection by any unit owner during normal business hours upon the written request of the owner.

ARTICLE VI

OFFICERS

A. Officers. The Officers of the Association shall be a President, a Vice President, a Treasurer and a Secretary. One person may serve as Treasurer and Secretary at the same time.

B. Election of Term of Office. The officers of the Association shall be elected annually by the Board at its regular annual meeting. Each officer shall hold office until his successor shall have been duly elected and qualified in his stead.

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C. Removal. Any officer may be removed by the Board when, in its judgment, the best interests of the Association would be served.

D. Vacancies. Any 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.

E. Qualification of Officers. Every officer must be a member of the Association, and the President must be a member of the Board of Directors.

F. President. The President shall be the principal executive officer of the Association and shall, in general, supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the voting delegates and of the Board of Directors. He shall sign, with the Secretary or Treasurer of the Association, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized and directed to be executed, except in cases where the execution thereof shall be expressly delegated by the Board or by these By-Laws or by statute to some other officer or agent of the Association; and, in general, shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

G. Vice President. The Vice President shall assume all duties and obligations of the President in the absence of the President.

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H. Treasurer. The Treasurer shall have responsibility for all of the financial affairs of the Association and shall supervise the receipt of all monies due and payable to the Association from any source whatsoever, and the deposit all such monies in the name of the Association in such banks, trust, companies, or other depositories as shall be selected by the Board of Directors; and, in general, shall insure the performance of all duties incident to the financial affairs of the Association; and shall perform such other duties as may be prescribed by the Board from time to time. The office of Treasurer may be held jointly with the office of Secretary.

I. Secretary. The Secretary shall keep minutes of all meetings (of voting delegates and of the Board) which shall include all resolutions as well as other actions and matters of discussion and business; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the corporate records; keep a register of the post office address of each voting delegate and/or owner of a unit; and, in general, perform all duties incident to the office of Secretary and such other duties as may be prescribed by the Board from time to time.

ARTICLE VII

ASSESSMENTS AND MAINTENANCE FUND

A. The Board shall establish a "maintenance fund" for the administration, maintenance, repair, replacement and improvement of the common areas and facilities of the Property, as hereinabove set forth, which fund shall be financed or funded by assessment as hereinafter provided to be paid by all unit owners. The fund shall be administered on a calendar year basis unless otherwise elected by the Board.

B. Each year, on or before January 1, the Board shall estimate the total amount necessary to pay the cost of wages, materials, insurance premiums, services, utilities, taxes and supplies which will be required for the administration, maintenance, repair and improvement of the units and of the common areas and facilities of the Property for the ensuing calendar year. To that amount shall be added a reasonable contingency amount considered by the Board to be necessary and adequate for a reserve fund for unanticipated maintenance, repairs and replacement of those common areas and facilities that must be performed on an emergency basis, and for the enforcement of restrictions set forth in this Declaration. The Board shall then notify each owner in writing of the amount of such estimate, together with a reasonable itemization thereof. Said estimated amount shall then be assessed to the unit owners according to each owner's percentage of ownership in the common areas and

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facilities as set forth in the Declaration. On or before January 1, and the first of each and every month for the succeeding eleven (11) month period, each owner shall be obligated to pay to the Association one-twelfth (1/12) of the assessment made pursuant to this paragraph.

C. If the aforesaid estimate proves inadequate for any reason, including nonpayment by any unit owner, the Board may at any time levy a further assessment according to each owner's percentage interest in the common areas and facilities. The Board shall serve written notice of such further assessment to all owners, giving the amount and reasons therefor, and such further assessment shall become effective with the next monthly maintenance payment which is due after the mailing of such notice. All unit owners shall be obligated to pay the additional assessment amount.

D. The failure or delay of the Board to prepare or serve the annual or adjusted estimate shall not constitute a waiver or release of any owner's obligation. In such event, each owner shall continue to pay the monthly charge at the monthly rate estimated for the previous year until receipt of a newly estimated rate from the Board.

E. All funds collected by the Board shall be held and expended for the purposes designated, and (except for such special assessments as may be levied against less than all the unit owners, and for such adjustments as may be required to

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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 ownership of the common areas and facilities specified in the Declaration.

F. If a unit owner is in default in any payment due from him, the Board may bring suit for and on behalf of themselves and as representatives of all owners to enforce collection thereof and to foreclose the lien securing said debt as hereinafter provided; and there shall be added to the amount due, the costs of said suit, plus legal interest and reasonable attorneys' fees to be awarded by the Court. In collecting unpaid assessments and in foreclosing liens arising by reason of non-payment of assessments, the Board shall have all the power, rights and privileges allowed by the New Mexico Condominium Act or later amendments thereto.

G. To the extent permitted by the New Mexico Condominium Act and by any decision or any statute or law now or hereafter effective, the amount of any delinquent and unpaid obligations, charges or assessments, interest, costs and fees, as above provided, shall be and shall become a lien or charge against the unit owned by the unit owner involved when payable and may be foreclosed by an action brought in the name of the Association as in the case of foreclosure of liens against real estate. Said lien shall take effect and be in force when and as provided in the New Mexico Condominium Act and shall be prior to all other

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liens except:

- 1. Tax liens on the unit in favor of any assessing unit and special district; and
- 2. All sums unpaid on a first mortgage of record.

H. Unless otherwise prohibited by the New Mexico Condominium Act, in the event of the voluntary conveyance of a unit, the grantor and grantee shall be jointly and severally liable for all unpaid common expenses and assessments for common expenses appearing on the books of account of the Association and related to said unit to the date of such grant or conveyance.

I. At the end of each year, the unit owners shall determine, in a meeting properly announced by written notification, whether any excess assessments exist in the funds of the Association. Should such excess funds exist, the unit owners shall decide by a simple majority of the votes cast, whether to return such excess assessments to the unit owners in the proportions contributed or to apply such excess funds to the following year's assessments.

ARTICLE VIII

COVENANTS AND RESTRICTIONS AS TO USE AND OCCUPANCY

The units and common areas and facilities shall be occupied and used only as follows:

A. The units and common areas and facilities shall be used and occupied solely and exclusively for residential purposes.

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B. There shall be no obstruction of the common areas and facilities nor shall anything be stored in the common areas and facilities without the prior consent of the Board, except as otherwise provided herein. Each unit owner shall be obligated to maintain and keep in good order and repair his own unit. Nothing shall be done or kept in any unit or anywhere else on the Property which will increase the rate of insurance on the buildings, or contents thereof, without the prior written consent of the Board; nor shall any unit owner permit anything to be done or kept in his unit or elsewhere on the Property which will result in the cancellation of insurance on the buildings or their contents, or which would be in violation of any law. No waste will be permitted in the common areas and facilities. No activity shall be conducted on the Property which may be or may become a nuisance to the unit owners or their invitees.

C. Nothing shall be altered or constructed or removed from the common areas or facilities except as authorized by prior written consent of the Board.

D. The common areas and facilities shall be kept free and clear of rubbish, debris, and other unsightly materials.

E. Nothing shall be done in any unit or common area or facility which will impair the structural integrity of the buildings, which will jeopardize the soundness or safety of the buildings, which would structurally change the buildings or their appearance, which would reduce the value or impair easements,

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servitudes, rights, privileges, or hereditaments appertaining to the Property.

ARTICLE IX

TAXATION

Each unit and its percentage of undivided interest in the common areas and facilities shall be deemed to be a parcel and shall be subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, including ad valorem levies and special assessments.

ARTICLE X

REMEDIES FOR BREACH OF COVENANTS,

RESTRICTIONS AND REGULATIONS

The Association or any unit owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, regulations, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these By-Laws or of the Declaration. Failure by the Association or by any unit owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE XI

GENERAL PROVISIONS

The following general provisions shall govern the administration and management of the Property:

A. Whenever any notice is required to be given under the provisions of the laws of the State of New Mexico or under the provisions of the Declaration or By-Laws of the Association, 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.

B. Whenever any action is required to be taken at a meeting of the members or Board, whether such action is required by the laws of New Mexico, the Declaration or the By-Laws, such action may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members entitled to vote thereon, or all of the directors, as the case may be..

C. No covenant, restriction, condition, obligation or other provision in the Declaration or By-Laws 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.

D. If any covenant, restriction, condition, limitation or other provision in the Declaration or By-Laws is held to be invalid, then such invalidity shall not impair or affect the

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validity, enforceability or effect of the rest of the Declaration or By-Laws.

ARTICLE XII

AMENDMENT TO BY-LAWS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the affirmative vote of not less than two-thirds (2/3) of the unit owners. No modification of or amendment to these By-Laws shall be effective unless set forth in an amendment to the Declaration, and said amendment be duly recorded.

ARTICLE XIII

REMOVAL FROM PROVISIONS OF THE NEW MEXICO

CONDOMINIUM ACT

A. All unit owners may remove the property from the provisions of the New Mexico Condominium Act by an instrument to that effect, duly recorded; provided that the holders of liens affecting any unit shall consent or agree by instrument duly recorded; and provided that their liens be transferred to the percentage of the undivided interest of the debtor unit owner in the property.

B. Upon removal of the property from the provisions of the New Mexico Condominium Act, the property shall be deemed to be owned in common by the unit owners. The undivided interest

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in the property owned in common which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by an owner in the common areas and facilities.

ARTICLE XIV

INCORPORATION OF DECLARATION

The provisions of the Declaration, as the same may be amended from time to time, are hereby incorporated by reference.

IN WITNESS WHEREOF, we hereunto set our hands this 8th day of December, 1988.

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COUNTRY CLUB VILLAS AT FARMINGTON HOMEOWNERS ASSOCIATION
a New Mexico Non-Profit Corporation

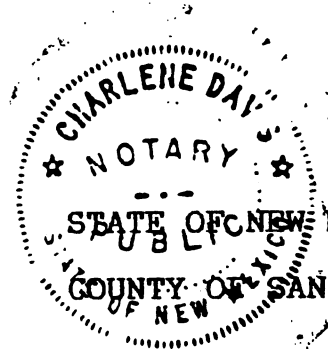
By [Signature]
John E. Greaney
President of the Board of Directors

By [Signature]
Bill M. Davis
Vice-President of the Board of Directors

By [Signature]
Marie Rabourn
Member of the Board of Directors

By [Signature]
Linda Bussell
Member of the Board of Directors

By [Signature]
Evert Oldham
Member of the Board of Directors



) ss [Signature]
) My Commission Expires April 24, 1992

The foregoing instrument was acknowledged before me this 8th day of December, 1988 by John E. Greaney, President of the Board of Directors of COUNTRY CLUB VILLAS AT FARMINGTON HOMEOWNERS ASSOCIATION, Bill M. Davis, Vice-President of the Board of Directors of COUNTRY CLUB VILLAS AT FARMINGTON HOMEOWNERS ASSOCIATION, and Marie Rabourn, Linda Bussell, and Evert Oldham, Members of the Board of Directors of COUNTRY CLUB VILLAS AT FARMINGTON HOMEOWNERS ASSOCIATION, on behalf of said New Mexico Non-Profit Corporation.