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DECLARATIONS OF CONDOMINIUM OWNERSHIP
FOR
ANGEL FIRE CHALETS
A CONDOMINIUM RESIDENCE ENTERPRISE

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DECLARATIONS OF CONDOMINIUM OWNERSHIP
AND OF
EASEMENTS, RESTRICTIONS AND COVENANTS
FOR
ANGEL FIRE CHALETS
A CONDOMINIUM RESIDENCE ENTERPRISE

Pursuant to the New Mexico
Building Unit Ownership Act

This Declaration is made, submitted and effective as of the date it is recorded with the Colfax County Clerk by The Angel Fire Corporation, a New Mexico corporation (hereinafter called "Developer").

ARTICLE I

DEFINITIONS

Certain words and terms used in this Declaration are defined as follows:

Unit: A part of the property within one of the buildings, including one or more rooms or enclosed spaces, occupying one or more floors or a part or parts thereof, designed and intended for a residence or such other uses permitted by this Declaration, and having lawful access, through the Common Area or otherwise, to a public way. Each unit is identified by number as to its location within Buildings A, B, C, D, E, and F, and its immediate access to a common area, on Schedules A attached hereto. The dimensions of each unit, its approximate area, layout, and number of rooms, are shown on the floor plans attached hereto as Schedules B and C. A copy of the detailed floor plans of Buildings A, B, C, D, E, and F certified as required by NMSA §70-4-13, will be recorded simultaneously with recording of this Declaration and with the County Clerk of Colfax County, New Mexico.

Unit Owner: The person or persons whose estates or interests, individually or collectively, aggregate fee simple absolute ownership of a Unit Ownership.

Unit Ownership: A part of the Property consisting of one unit and the undivided interest in the Common Areas and Facilities appurtenant thereto.

Association: The Unit Owners acting as a group.

Board: The Board of Directors of the Association.

Common Expenses: Charges against the Property as a whole and expenses declared to be common expenses by the provisions of this Declaration, including, but not limited to, the following:

1. Expenses of administration of the Property;
2. Expenses for maintenance, repair, replacement, and operation of, insurance of, snow and trash removal from, the Common Areas and Facilities, and the limited common areas;
3. Expenses for water and sewer for all Unit Owners;
4. All sums assessed against the Unit Owners by the Association.

Declaration: Means this "Declarations of Condominium Ownership and of Easements, Restrictions and Covenants for Angel Fire Chalets, a Condominium Residence Enterprise, pursuant to the New Mexico Building Unit Ownership Act," and any supplemental Declarations.

Occupant: A person or persons, other than the Unit Owner, in possession of a Unit.

Person: A natural individual, corporation, partnership, combination, association, trustee or other legal entity capable of holding title to real property.

Property: Buildings A, B, C, D, E, and F Lot 7, Block F, Angel Fire Village, Unit No. II, a Subdivision of Colfax County, New Mexico, along with all of the land, buildings, improvements, structures and spaces, easements, servitudes, rights and privileges belonging or appurtenant thereto, and all chattels intended for use in connection therewith.

Regulations: The rules promulgated by the Board from time to time in the manner permitted by the Articles of Incorporation and By-Laws of the Association.

Special Expenses: Charges against a particular Unit Owner for expenses of administration, maintenance, operation and other services, or dues attributable to the particular Unit of such Unit Owner and for his special benefit as distinguished from the general benefit of the Property as a whole or the Common Areas and Facilities.

Mortgagee: Any person named as Mortgagee, or successor thereof, under any mortgage or other security document, by which a Unit Ownership is encumbered.

Supplemental Declaration: Any instrument which amends or terminates this Declaration, or which accomplishes some action taken under this Declaration, and which has been executed and acknowledged, in the manner required by this Declaration and recorded with the Colfax County Clerk.

ARTICLE II
EXPANSION OF DEVELOPMENT OF
ANGEL FIRE CHALETS

1. Developer reserves the option and right to expand this condominium from time to time, by filing additional Declarations of Condominium Ownership as to additional lands, and making reference to this Declaration, without consent of any other party or Owner. The terms and provisions of this Declaration shall apply in full to any additional property excepting for specific reference herein to legal descriptions, number of Units, and the dimensions thereof.

2. Upon the additional land, Developer may construct recreational and other amenities to serve this condominium and the condominium as expanded by the additional lands, in addition to constructing buildings and Units.

3. The improvements to be placed upon the additional lands shall be compatible with the project and of the same or similar quality of construction and materials. The Developer reserves the right to change the size, design and density in order to meet the requirements of the market.

4. Upon the inclusion of additional lands, the allocation of ownership in the Common Elements shall automatically be adjusted, and a supplemental document recorded so showing the adjustments so that each Unit will bear an equal, undivided interest, based upon the total number of Units in this Declaration and any additions thereto, to all the property submitted to the Building Unit Ownership Act.

4. In order to accomplish the development, construction and sale of any additional lands, the Developer and its assigns is granted an easement over Common Elements of the property covered in this Declaration.

ARTICLE III
SUBMISSION TO NEW MEXICO BUILDING UNIT OWNERSHIP ACT

1. Developer hereby submits the Property to the New Mexico Building Ownership Act, as amended from time to time, and Developer hereby publishes and declares that all of such Property is and shall be held, owned, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved, subject to the New Mexico Building Unit Ownership Act, as amended from time to time, and subject to the rights, easements, privileges, covenants and restrictions stated herein, which shall be deemed to run with the land and shall be a burden and a benefit to Developer, its successors and assigns, and to any person acquiring or owning an interest in such Property, their grantees,

successors, assigns, heirs, executors and administrators.

ARTICLE IV

COMPLETION OF DEVELOPMENT

1. Amendment of Plats: Developer may, at any time, amend any prior plat or plats thereof, to make changes in the number, location, spacing, area or design of the Units shown thereon, in any incompletd building, so long as such changes are, in the opinion of the Developer, reasonably compatible in architecture and parking spaces to the then existing development, and are included in the plat which is attached to any supplemental declaration at the time of recording thereof.

ARTICLE V

BUILDINGS, UNITS, COMMON AREAS AND
FACILITIES AND EASEMENTS

1. Description of Land and Buildings: There are to be (6) six buildings, named Buildings A, B, C, D, E, and F located upon Lot 7, Block F, Angel Fire Village, Unit No. II, as shown on the survey plat attached hereto as Schedule A containing six (6) Units, which Units are designated as follows: A1, A5, B2, B6, C3, C7, D4, D8, E9, E11, F10, F12.

The buildings are to be rectangular in shape and are to be one (1), two (2) or three (3) bedroom Units, and are to be constructed of the following principal materials:

Subfloor or concrete slab; wood framing, wood exterior walls, wood floors; insulation; wood or plaster board interior walls and asphalt shingle roof.

2. Description of Units: Schedules A, B, C are attached hereto and incorporated herein by reference as though set forth in detail

herein, to reflect the location, Unit number, dimensions of the Unit, area, layout, number of rooms, the name of the building in which the Unit is located, and a description of the Common Areas to which the Unit has immediate access; detailed floor plans (bearing the verified statement of a registered architect or licensed professional engineer, certifying that it is an accurate copy of portions of the plans of the building as filed with and approved by the governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings) shall be recorded with the County Clerk of Colfax County, New Mexico, simultaneously with the recording of this Declaration, and such floor plans shall contain a reference to the book, page and date of recording of such floor plans.

3. Description of Common Areas and Facilities: The Common Areas and Facilities are described as follows:

- a. The real estate and buildings (excluding the Units as described in subparagraph 6(b) of this Article), described in Schedules A hereto, the space on which the buildings are located, and all easements, servitudes, rights and privileges belonging or in any wise appertaining thereto;
- b. The foundations, columns, beams, supports, main and supporting walls, roofs, stairs and stairways, including interior party walls and partitions or ceilings;
- c. The grounds, driveways, parking areas, walks and walkways;
- d. The installations of central services, including sewer, light, water, heating, sewage disposal and incinerating, including, but not limited to, pipes, ducts, flues, conduits, wires and other utility installations;
- e. The tanks, pumps, motors, fans, compressors, ducts, and all apparatus and installations existing for common use;
- f. All other parts of the Property necessary in common use or convenient to its existence, maintenance and safety which are not included in the description of a Unit, under subparagraph 6(b) of this Article;
- g. Limited Common Areas described in paragraph 4 of this Article;

h. Any electrical fixtures, public utility lines, faucets, showerheads, plugs, connections, switches, or structural components running through a Unit.

4. Description of Limited Common Areas and Facilities:

The balcony or decking of each Unit shall be reserved for the use of the occupants of the Unit to which such area or facility is attached; all such areas and facilities are hereby defined as the "limited common areas."

5. Value of the Property and of each Unit: The value of each Unit, together with the undivided interest in the Common Areas and Facilities appurtenant thereto, or of each "unit ownership" as herein defined, is declared to vary between \$50,000.00 and \$75,000.00, as itemized in paragraph 7 of this Article V. The percentage ownership of Common Areas, voting rights, and assessment of common expenses of each Unit Owner shall be that percentage that each Unit bears to the total number of Units, as stated in paragraph 7 of this Article V.

6. Ownership and Description of Units:

(a) Each Unit Owner shall own a Unit in fee simple, absolute. No Unit Owner shall, by deed, plat or otherwise, subdivide or in any manner cause his Unit to be separated into any tracts or parcels smaller than the whole Unit. Every deed, lease, mortgage or any other instrument may legally describe a Unit by its identifying number, as shown on Schedules A and every such description shall be deemed good and sufficient for all purposes.

(b) Each Unit consists of the space enclosed or bounded by the undecorated surfaces of the perimeter walls, floors and ceilings of each such family unit, the dimensions, layouts and descriptions of each such family unit being shown on Schedules B and C attached hereto, which may include, without limitations:

(1) The decorated surfaces, including paint, lacquer, varnish, wall paper, tile and any other finishing material applied to said perimeter walls, floors and ceilings, and also the aforesaid finishing material applied to the interior walls, floors and ceilings;

(2) All window sashes and doors exclusive of door frames in the interior and perimeter walls and the space occupied thereby;

(3) The space within all fixtures located within the bounds of a family unit and the space occupied by the fixtures themselves;

(4) All unenclosed space, if any, within or occupied by structural parts of the building which may project into the family unit, as defined above, from the unfinished perimeter floor level to the unfinished perimeter ceiling level and including by way of illustration, but not by way of limitation, the space between the shelves of built-in bookcases, if any, and the space within built-in cabinets, if any;

(5) All space between interior walls, floors and ceilings, within the Unit, including the space occupied by structural and component parts of the building and utility pipes, wires and conduits;

but excepting therefrom all of the following items located within the bounds of the family unit as described above:

(1) The structural and component parts of all interior walls, floors and ceilings, except the decorated surfaces thereof;

(2) All vent covers, grills, plate covers and other coverings of space affixed to interior and perimeter walls, floors and ceilings, which are hereby defined as parts of said walls, floors and ceilings;

(3) All structural portions of the building, lying within the bounds of the family unit as above defined;

(4) All plumbing, electric, heating and other utility or service lines, pipes, wires, plugs and outlets lying within the bounds of a family unit as above defined.

7. Ownership of Common Areas and Facilities: Each Unit Owner of Buildings A, B, C, D, E, and F shall own, for all purposes including assessment for common expenses and voting, an undivided interest in the Common Areas and Facilities, expressed as a percentage, as follows:

Building & Unit Number	Approx. Sq.Ft. Heated Living Area	Present Value	Percentage Interest
A1	994	\$57,700	7.5%
A5	1,408	71,700	9.3%
B2	994	57,700	7.5%
B6	1,408	71,700	9.3%
C3	994	57,700	7.5%
C7	1,408	71,700	9.3%
D4	994	57,700	7.5%
D8	1,408	71,700	9.3%
E9	965	55,500	7.2%
E11	1,300	69,700	9.3%
F10	965	55,500	7.2%
F12	1,300	69,700	<u>9.3%</u>
			100 %

Each Unit Owner shall own his undivided interest in the Common Areas and Facilities 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 and Facilities, and any chattels owned by the Association for all purposes incident to the use and occupancy of his Unit as a residence and such other incidental uses permitted by the 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 Facilities shall be permanent, and shall remain unaltered unless altered by the unanimous consent and approval of all Unit Owners, and all their Mortgagees, which consent and approval shall be expressed in an amended declaration complying in all respects with the New Mexico Building Unit Ownership Act, and with the Provisions of this Declaration.

8. No Severance or Partition of Common Areas and Facilities or of Ownership Thereof: The Common Areas and Facilities and the undivided interest of each Unit Owner in the Common Areas and Facilities 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 then corresponding fraction or percentage title or interest in the Common Areas and Facilities appurtenant thereto. Any such deed, lease, mortgage or other instrument purporting to affect the one without including the other shall be deemed and taken to convey, encumber or affect the title or interest so omitted, even though the interest is not expressly mentioned or described.

The Common Areas and Facilities shall remain undivided among the Unit Owners. There shall be no partition of the Common Areas and Facilities through judicial proceedings or otherwise until this Declaration is terminated and the Property is removed from the provisions of the New Mexico Building Unit Ownership Act.

9. Easements: Each Unit Ownership shall have, and be burdened with, the following easements:

a. Ingress and Egress: An easement and right of way for the mutual benefit of the Unit Owners, their successors and assigns, for purposes of ingress to and egress from the Property, is hereby declared and established for the benefit of all Units and their Owners, shown on the plat attached hereto as Exhibits A , which easement and right of way shall be deemed to run with the land.

b. Common Area Encroachment: If, by reason of the construction, settlement or design of any one or more of the buildings, any part of the Common Areas or Facilities encroaches or shall hereafter encroach upon any part of any Unit, or if a Unit encroaches or shall hereafter encroach upon any part of the Common Areas or Facilities, or if a Unit encroaches or shall hereafter encroach upon another Unit, valid

easements for the reasonable use, existence, repair and replacement of such encroachment are hereby established, so long as all or part of any one or more of the Unit buildings containing such Unit shall remain standing; provided, however, that in no event shall a valid easement for any encroachment be created in favor of the Unit Owner if such encroachment occurred due to the willful conduct of said Unit Owner or Owners.

c. Reciprocal Easements for Ingress and Egress: Developer reserves and grants, for and in behalf of Developer, its grantees, assigns, successors and representatives, and for and in behalf of all Unit Owners, and for and in behalf of any other person who may own or occupy the Property or any part or parcel thereof, the reciprocal easement for ingress and egress in, to, upon, through and over the Property, including, without limitation, all roads constructed through such Property.

d. Public Utility Easements: Developer reserves to itself the right, power, authority and license to execute and deliver such easements for public utility purposes as Developer deems necessary, from time to time, for such utilities as electricity, telephone, gas, sewer, water and television, for use on the Property, which easements may include installation of equipment and liens which traverse along, across, over, under or through any of the Common Areas and Facilities.

e. Overhang, Encroachment: If any drain, flue, ductwork, equipment or structure encroaches upon or overhangs a Unit, as originally constructed, such Unit shall be burdened with a perpetual easement for the use, existence, repair and replacement of such overhang or encroachment; provided, however, such overhang or encroachment shall not be enlarged without the consent of the owner of such Unit.

f. Maintenance and Repair Easement: The Board or its agents may, and shall, have an easement to enter any Unit 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 and for making emergency repairs to prevent damage to the Common Areas and Facilities or to another Unit, for which the Board is responsible. It may, and shall, have an easement to likewise enter any patio, balcony or enclosed area for maintenance, repairs, construction or painting. Such entry shall be made with as little inconvenience to the Unit Owner as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the common expense fund.

g. Run with Land: All easements and rights described herein are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding upon the undersigned, their successors and assigns, and any Unit Owner, purchaser, Mortgagee, and other person having an interest in the Property, or any part or portion thereof.

h. Reference to in Deeds: Reference to easements described in the Declaration, in the respective deeds of conveyance, or in any mortgage or trust deed or other evidence of obligation, shall be deemed reference to the easements and rights described in the immediately preceding subparagraphs, or described in any other part of the Declaration, and shall be sufficient to create and reserve such easements and to create the rights to the respective grantees, Mortgagees or trustees or other obligee of such parcels as fully and completely as though such easements and rights were recited fully and set forth in their entirety in such documents.

ARTICLE VI

ADMINISTRATION OF THE PROPERTY

1. Association of Unit Owners and Board of Directors:

The direction, management and administration of the Common Areas and Facilities shall be vested in an association of all the Unit Owners, known as ANGEL FIRE CHALETS HOMEOWNERS ASSOCIATION (hereinafter called the "Association"). Every Owner of a Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. The rights and obligations of an Owner and membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership to such Unit, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of New Mexico. The Association shall be managed by, elect and act through, a Board of Directors (hereinafter referred to as the "Board"), consisting of not less than three (3) persons nor more than seven (7) persons, who shall be elected in the manner set forth in the By-Laws. All members of the Board shall be Unit Owners; provided, however, if a Unit Owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any director, officer, partner, beneficiary or trustee, as the case

may be, of such an entity shall be eligible to serve as a member of the Board of Directors. Provided further, until such time as eight (8) of the Units in the above described premises have been transferred by deed or contract to the purchasers thereof all right, discretion, power and authority herein granted to said Association and said Unit owners through said Association including the right to collect assessments shall, at the option of the Declarant remain with the Declarant directly or through said Association as the Declarant may determine.

2. General Powers and Duties of the Board of Directors:

The Board shall have, in behalf of the Association, the power and duty, for the benefit of all the Unit Owners, to acquire or furnish and, from the fund described in Article VII herein, pay for the following:

a. Water, sewer and trash removal, for all Unit Owners.

b. A policy or policies of insurance wherein the building is insured against damage caused by fire, lightning, perils described in the "extended coverage" endorsement, vandalism and malicious mischief, and such additional perils as may be available through usual insurance markets.

(1) The amount of such insurance shall be 100% of the replacement cost of such building, as determined within thirty (30) days of the end of each fiscal year of the Association, and increased or decreased by the Board from year to year, according to changes in the replacement costs.

(2) The named insured of such policy shall be the Association as Trustee for the Unit Owners, acting by and through the Board of Directors of the Association.

(3) Such policy shall contain the following endorsement:

Named Insured and Mortgagee: The Named Insured, for purposes of this insurance, shall be Angel Fire Chalets Homeowners Association, acting by and through its Board of Directors, as Insurance Trustee for all of the Unit Owners of the condominium real property. Any loss hereunder shall be adjusted with the Named Insured, and payment for any adjusted loss shall be made to the mortgagor as their interest

appears as Trustee for the Named Insured, all Unit Owners and all Mortgagees, as their interests may appear at the time of loss.

c. A policy or policies insuring the Association, members of the Board, their agents and employees, and the Unit Owners, against any liability to the public or to the Owners of the Units and of the Common Areas and Facilities for a limit of liability not less than One Million Dollars, combined single limit for personal injury liability and property damage liability (such limit to be reviewed at least annually by the Board and increased in its discretion).

d. Workmen's Compensation insurance to the extent necessary to comply with any applicable laws, taxes and utilities for the Common Areas and Facilities.

e. Landscaping, gardening, snow removal, painting, cleaning, maintenance, decorating, repair, and replacement of the limited Common Areas, Common Areas and Facilities and such furnishings and equipment for the Common Areas and Facilities as the Board shall deem necessary and proper.

f. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance or assessments which the Board is required to secure or pay for pursuant to the terms of this Declaration or by law, as the Board deems necessary for administration, maintenance and operation of the Property as a first-class residential condominium development or for the enforcement of this Declaration or the By-Laws.

g. Any amount necessary to discharge any mechanic'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 and Facilities; provided, however, if such lien is created by a Unit Owner, or by the act of omission of a Unit Owner, the amount of such lien, and any costs relating thereto, shall be specially assessed by the Board, against such Unit Owner, as a special expense.

h. Any amount necessary to provide maintenance and repair of any Unit deemed necessary, in the discretion of the Board, to protect the Common Areas and Facilities or any other portion of the buildings, if the Unit Owner of such Unit has failed or refused to perform said maintenance and repair within a reasonable time after written notice of the necessity thereof has been delivered by the Board to such Unit Owner; provided, however, the cost of such repairs and maintenance shall be specially assessed by the Board against such Unit Owner, as a special expense.

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

3. Owner's Responsibility for Repair, Maintenance,

Replacement: Each Unit Owner shall repair, replace and maintain:

a. All interior areas of the Unit including, but not limited to, interior walls, appliances, hot water heater, electrical fixtures and wiring, switches, plumbing fixtures, pipes and lines, faucets, shower-heads, plugs, heating systems and fixtures, which are situated within the Unit. Replacement of or repair of water line, sewer lines and other utility lines serving the Unit and/or an adjacent Unit shall be a common expense, if necessitated by a cause other than the act of omission of Unit Owner or Occupant.

b. All glass, windows, doors, vestibules and entryways, which are appurtenances to the Unit.

4. Reserve for Replacement and Contingencies: The Board shall also assess, beginning with the second fiscal year, as a common expense, a reasonable amount, annually, as deemed necessary by the Board, in its discretion, to create a reserve for replacements and contingencies, which reserve shall be maintained and increased annually.

5. Purchases and Payments: All purchases shall be made by purchase order, and payment therefor by payment voucher, on forms adopted by the Board, each of which shall be executed by such officers or agents of the Board as are designated by the Board.

6. Limitation of the Powers of the Board of Directors: The Board shall have no power or authority to acquire, or pay for, any capital addition, capital improvement or any structural alteration having a total cost in excess of Two Thousand Dollars (\$2,000.00) (except to replace or restore portions of the Common Areas and Facilities as otherwise authorized by this Declaration), without, in each case, the prior approval of two-thirds of the voting members of the Association.

7. Rules and Regulations: The Board shall adopt such reasonable rules and regulations as it may deem advisable for the maintenance, conservation and beautification of the Property, and for the mutual health, comfort, safety and general welfare

of the Unit Owners and Occupants thereof. Written notice of such rules and regulations shall be given to all Unit Owners and Occupants, and the Board shall obtain strict compliance with such rules and regulations, by suit for damages or injunctive relief, or both.

ARTICLE VII

COMMON EXPENSE AND ASSESSMENTS

1. Duty to Pay Assessment. Until such time as eight (8) of the Units have been conveyed or transferred from the Developer, the Developer shall not be liable for any assessment referred to herein for any unoccupied lots or Units. In lieu of payment of such assessment the Developer will assume responsibility for month-to-month maintenance, repair, and management of Common Elements until such time control of the Association is assumed by the owners of occupied Units. Such assumed responsibility of the Developer shall not relieve any owner of responsibilities to pay any assessments. For purposes of this paragraph, assumption of control of the Association is defined as having passed conclusively to the owners collectively upon Developer's notification to that effect to the owner of each occupied Unit. There shall be no outstanding or accrued debts against the Association at the time of assumption of control by the owners. Beginning with the date of control of the Association by the owners, Developer shall be assessable at the same assessment rate and terms of payment, established by the Board of Directors for each completed Unit owned by it.

2. Assessments. Each Owner of any Unit, by acceptance of a deed or contract therefor, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree to pay to the Association (1) regular assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as provided in the By-Laws

of the Association. The annual and special assessments, late payment penalties, if any, together with interest, costs, and reasonable attorney's fees, shall be a lien on the Unit. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall be a lien on the Unit. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the assessment was levied. The personal obligation for delinquent assessments shall not pass to its successors in title unless expressly assumed by them, however, the obligation to pay same shall be a lien on the Unit.

3. Uniform Assessments. Both regular and special assessments must be fixed at a uniform rate for all units and may be collected on a monthly, quarterly or annual basis.

4. Regular Assessments. The regular assessments shall commence as to all Units on the first day of the month following the transfer of a Unit to an Owner. Regular assessments shall be set by the Board on an annual basis. The first regular assessment shall be adjusted according to the number of months remaining in the calendar year whether a fiscal or calendar year. The Board shall fix the amount of the regular assessment against each Unit at least thirty (30) days in advance of each regular assessment period. Written notice of the assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board.

5. Special Assessments. The Board may set a special assessment in addition to the regular assessment, if the Board determines that such is necessary to meet the primary purposes of the Association.

6. Annual Accounting: Within twenty (20) days of the end of a fiscal year, the Board shall furnish to all Unit Owners, for the preceding fiscal year, an itemized accounting of the common expenses actually incurred, paid, or accrued, together

with a statement of the total assessments collected, showing the net operating loss or gain. Any such gain, in excess of the amount required for incurred or accrued expenses and replacement and contingency reserves, shall be apportioned according to each Unit Owner's percentage of ownership in the Common Areas and Facilities as a credit to the next monthly assessments, until exhausted; any such loss shall be apportioned according to each Unit Owner's percentage of ownership in the Common Areas and Facilities, and added to the next monthly assessments, for the six (6) months succeeding the month of rendering of such accounting.

7. Books of Account: The Board shall maintain current, detailed books of account in accordance with generally accepted accounting principles and procedures, which reflect all receipts, disbursements, assets and liabilities of the Association. Such books, records, purchase orders and payment vouchers shall be available for inspection by any Unit Owner, or any duly authorized representative of any Unit Owner, at reasonable times during the normal business hours. Unit Owner's Mortgagee shall be deemed an authorized representative of owner. Upon ten (10) days' notice to the Board and payment of a reasonable fee, any Unit Owner, or his Mortgagee, may demand and be furnished a statement of his account, which reflects the amount of any unpaid assessments or other charges due and owing from such Unit Owner.

8. Delinquencies and Default of Unit Owner: The amount of any unpaid assessment, including, without limitation, any assessment for special expenses, together with interest at the highest lawful rate permitted by New Mexico usury laws from the due date thereof, plus reasonable costs and attorney fees for collection thereof, shall constitute a lien on the Unit until paid. The Board, or manager thereof, may bring suit for collection of such unpaid assessment and the remaining balance of assessments due for the fiscal year, plus interest at the highest lawful rate, plus costs and attorney fees, without waiving

such lien, or such lien may be foreclosed in the same manner as foreclosure of a mortgage on real property wherein the period of redemption is one (1) month; provided, however, the Board shall mail notice of such default to any Mortgagee of the Unit Owner ten (10) days prior to any foreclosure of lien. Such lien is inferior to the balance due on any first mortgage of record and any real property taxes which constituted a tax lien against the Unit prior to the assessment lien. During foreclosure, the Unit Owner shall pay a reasonable rental for the Unit, and a receiver shall be appointed to collect such rent.

9. Unpaid Assessments; Disclosure: The Board shall furnish a statement of the total unpaid assessments to any grantee of a Unit upon request for same, and the grantee shall be jointly and severally liable with the grantor for the amount so stated, but not in excess of such amount stated, and the Unit shall not be conveyed subject to a lien for any amount in excess of the amount disclosed in such statement.

10. Amendments: Amendments to this Article VII shall be effective only upon the unanimous vote of all Unit Owners and their Mortgagees.

11. Assessments - Non Use: No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas and Facilities, by abandonment of the Unit, or by any other means whatsoever.

ARTICLE VIII

COVENANTS AND RESTRICTIONS

AS TO USE AND OCCUPANCY

1. Restrictions: The Units and Common Areas and Facilities shall be occupied and used as follows:

a. Residential Use: The Units and Common Areas and Facilities shall be used and occupied solely and exclusively for the purpose of residence for the Unit Owner, his family, guests and agents as hereinafter provided, and shall be kept in good

order and repair; provided, however, Developer may use a Unit owned by it for a sales office and model unit or a resident manager's unit.

b. Leasing. A Unit may be leased or rented by its owner. The owner shall be responsible to see that this Declaration is complied with.

c. Use of Common Areas: There shall be no obstruction of the Common Areas and Facilities, nor shall anything be stored in the limited Common Areas or Common Areas and Facilities, except as hereinafter expressly provided. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Areas and Facilities or the limited Common Areas. The common and limited Common Areas and Facilities shall be kept free and clear of rubbish, debris and other unsightly materials. Nothing shall be altered or constructed or removed from the Common Areas and Facilities or limited Common Areas, except upon the written consent of the Board.

d. Increase in Insurance Rate: Nothing shall be done or kept in any Unit, in the Common Areas and Facilities, or in the limited Common Areas, which will increase the rate of insurance of the building or contents thereof, applicable for office use, 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 and Facilities which will result in the cancellation of insurance on the buildings or contents thereof, or which would be in violation of any law. No waste will be committed in the Common Areas and Facilities.

e. Exterior Use Limitations: Unit Owners shall not cause or permit anything to be hung, placed or displayed, in or on the outside of windows, the outside walls of the buildings, or the limited Common Areas, and no sign, awning, canopy shutter, radio or television antenna shall be affixed to or placed upon the exterior of the building, Common Areas, or limited Common Areas. No improvements, exterior painting, landscaping or decorative alterations, repairs, excavation, or other work which in any way alters the exterior appearance of the property or the improvements located thereon shall be commenced, erected, maintained, made or done without the prior written approval of the Board.

f. Nuisances: No noxious or offensive noise or activity shall be carried on in any Unit or in the Common Areas and Facilities, nor shall anything be done therein or thereon, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or Occupants.

g. General Limitations of Use: Nothing shall be done in any unit or in, on or to the Common Areas and Facilities or the limited Common Areas, which will impair the structural integrity of the buildings, which would jeopardize the soundness or safety of the buildings, or which would structurally change the buildings, except as is otherwise provided

herein, or which would reduce the value of or impair easements, servitudes, rights, privileges or hereditaments belonging to or in any wise appertaining to the Property.

h. Signs: No Unit Owner shall permit or maintain any "For Sale," "For Rent," or any other signs, window displays or advertising on any part of the Unit, limited Common Areas, or Common Areas and Facilities which are visible to exterior view. The right is reserved by the Developer, or its agent, to place "For Sale" or "For Rent" signs, and the right is hereby given to any Mortgagee, who may become the owner of any unit, to place such signs on any Unit owned by such Mortgagee. The right is reserved by the Developer, or its agent, to use any unsold Units for sales or display purposes.

i. Interior Use Limitations: Window coverings which are visible to outside view shall be aesthetically harmonious with exterior design, color and other Units, as determined by the Board. All such window coverings shall not be installed until the Board approves same.

j. Limited Common Areas Use: Unit Owners are prohibited from parking, storing or repairing boats, campers or trailers on outside surface parking areas for any period of time in excess of twenty-four (24) hours. Inoperative or unsightly motor vehicles are also prohibited.

ARTICLE IX

DAMAGE OR DESTRUCTION AND

RESTORATION OF BUILDINGS

1. In the event of damage or destruction to the property by fire or other casualty, the Board shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portion of the property to as good condition as formerly. All such insurance proceeds shall be deposited in a bank or other financial institution insured by a Federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature of at least two-thirds (2/3) of the members of the Board, or by an agent duly authorized by the Board. The Board shall contract with any licensed contractor for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of

repairing and/or rebuilding to the same condition as formerly, the Board shall levy a special assessment against the Unit owners whose Unit building was damaged to make up any such deficiency. The proportion of said deficiency which shall be assessed against each such damaged Unit shall be in the same proportion that the cost of repair of each said Unit bore to the total cost of repairs required to be made to the Unit building which was damaged. Provided, however, that the special assessment shall be levied equally against all Unit owners to make up any deficiency for repair or rebuilding of the Common Elements exclusive of the Unit building. In the event such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the Owners and mortgagees and their mortgagees in proportion to their undivided interest in the Common Elements.

2. Notwithstanding the above, if three-quarters (3/4) of the Unit Owners vote not to restore the premises, then the Angel Fire Chalets shall be disposed of, or terminated in accordance with law.

3. It shall be the individual responsibility of each owner to provide, as he sees fit, homeowners liability insurance, theft or other insurance covering personal property damage and loss.

4. Nothing herein shall be deemed in contravention of New Mexico law, and if so deemed, New Mexico law shall prevail.

ARTICLE X

REMEDIES FOR BREACH OF COVENANTS,

RESTRICTIONS, RULES, REGULATIONS

Abatement and Enjoinment: Upon violation of any covenant, restriction, condition, rule or regulation adopted by the Board, or the breach of any covenant or provision contained in this Declaration by any Unit Owner or Occupant, the Board may:

a. Enter upon the land upon which or as to which such violation or breach exists, to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing, or condition that may exist thereon, contrary to the intent and meaning of the provisions hereof; and

b. Enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

ARTICLE XI

GENERAL PROVISIONS

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

1. Party Walls. The rights and duties of Owners with respect to Common Walls shall be as follows:

a. The owners of contiguous Units which have a common wall shall both equally have the right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of the same by the other Owner.

b. In the event that any Common Wall is damaged or destroyed through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Common Wall without cost to the other adjoining Owner or Owners.

c. In the event any such Common Wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests, or family, it shall be the obligation of the Association to rebuild and repair such wall.

d. Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any common wall without the prior consent of the Board.

e. In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a common wall, or with respect to the bearing of the cost thereof, the Owners shall submit the dispute to the Board, the decision of which shall be final and binding on all Owners.

2. Notice to Mortgagees. 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 whose Unit Ownership is subject to such mortgage or deed of trust.

3. Covenants Run with Land. Each grantee of the Developer, by the acceptance of a deed of conveyance, accepts the same subject to all provisions of this Declaration, and all such provisions shall be deemed to be covenants running with the land, and shall inure to the benefit of such Unit Owner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance.
4. Waiver of Violation, Breach. 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 that may occur.
5. Severability. The invalidity of any covenant, restriction, condition, limitation or any other provision of this Declaration, or of any part of the same, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration.
6. Rule Against Perpetuities. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful or void for violation of (i) the rule against perpetuities or some analogous statutory provision, (ii) the rule restricting restraints on alienation, or (iii) any other statutory or common law rules imposing time limits, then such provision shall continue only until twenty-one (21) years after the death of the survivor of the now living descendants of John F. Kennedy, Late President of the United States.
7. Amendment of Declaration. 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 residential condominium development. Except for an amendment which requires the unanimous consent of the Unit Owners and their Mortgagees, the Developer may, at any time within two years of the date of recording hereof, amend this Declaration by recording a Supplemental Declaration, which shall be approved by a simple majority affirmative vote by the Unit Owners. Thereafter, any amendment shall require the consent and approval of three-fourths of the voting power of the Unit Owners.
8. Statutory Agent. The agent for service of process is Ray Tucker, and his address is Angel Fire, New Mexico.
9. Subrogation Rights. No insurance carrier shall have a right of subrogation against the Association or any Unit Owner because of any loss sustained or any payment made by it under a policy of insurance issued to or for the benefit of the Association and/or any Unit Owner or Unit Owners, and neither the Association nor any Unit Owner, as an insured party, shall execute or deliver to such insurance carrier any instrument or paper purporting to subrogate such insurance carrier to any rights of recovery for such loss or payment which the Association or any Unit Owner might have.
10. Term of Restrictions, Covenants. The covenants and restrictions contained in this Declaration are enforceable,

as provided herein, for an original term of thirty (30) years from the date of recording hereof; thereafter, such covenants and restrictions shall be automatically renewed and extended for successive continuous periods of ten (10) years.

11. Captions. The captions of the Declaration, Articles, paragraphs, and subparagraphs are not necessarily descriptive, or intended or represented to be descriptive of all the provisions thereunder, and in no manner shall such captions be deemed or interpreted to limit the provisions of this Declaration.

IN WITNESS WHEREOF, we have set our hands and seals to the foregoing Declaration of Condominium Ownership and of Easements, Restrictions and Covenants for Angel Fire Chalets, a Condominium Residence Enterprise, this 28th day of September 1978.

THE ANGEL FIRE CORPORATION

By *[Signature]*
President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

The foregoing instrument was executed and acknowledged before me this 28th day of September, 1978, by Robert W. Tatum, President of The Angel Fire Corporation, a New Mexico corporation, on behalf of the corporation.

Alveta M. Sandell
Notary Public
nee: Alveta M. Kocurek

My Commission Expires:
8-31-81

During the last year, the Board of Directors of the Angel Fire Chalets has had a number of inquiries concerning the duties and responsibilities of the owners and the Board, and requests to perform maintenance or other tasks within the condominiums. A number of these are legitimate responsibilities of the Association. However, some of them are the responsibility of the individual owner.

In an attempt to assist all of us in determining our mutual responsibilities, the following list has been developed after examination of the Declarations of Condominium Ownership, Articles of Incorporation, By-Laws, Board of Directors Rules and Regulations and the Village of Angel Fire Ordinances. It is not designed to be all-inclusive, and may be subject to change. Any questions should be directed to the Board of Directors of the Angel Fire Chalets.

We hope that this will be of benefit to all owners.

GENERAL ITEMS:

1. Owners desiring any exterior alterations or paint must obtain Board approval (or possibly Village approval) in writing, prior to the performance of the alteration or painting.
 - a) Some examples of exterior items which require prior written Board approval are signs, awnings, canopy shutters, radio or television antennae.
 - b) It should be noted that no unit owners shall permit or maintain any "For Sale", "For Rent" or any other signs, window displays or advertising on any part of their unit.
2. Due to insurance regulations, no charcoal or gas BBQs are allowed on the decks or inside condos. Electric units are permitted. However, the Board recommends the use of the charcoal units which have been erected by the Board in three locations throughout the complex.
3. Vehicles or boats cannot be stored on the premises.
4. There are no ^{SPECIFICALLY DESIGNATED OR RESERVED} designated parking spaces for owners or guests.
5. Parking passes are issued to owners or rental agents for use exclusively by owners and/or guests. Violators will be issued a warning and if not moved, they will be towed at the owners expense.
6. Owners are required to provide the Site Manager with a key to their unit to allow for inspection and replenishment of fire extinguishers or emergencies.

7. Dues statements are issued semiannually, in May and October. Delinquency commences sixty (60) days after the invoice date. Lien will be filed and owners will be charged for legal and filing fees plus 15% interest. Foreclosure is also an option of the Board.
8. Owners are advised to maintain an orderly appearance to their unit and adjacent common premises.
9. In order to maintain proper documentation of the ownership of each unit for insurance coverage on the entire complex, it is necessary for owners to notify the Board of Directors of any sale of their unit. Such notification shall be by providing a copy of the sales agreement, closing statement, and deed or other instrument of conveyance.

OWNERS' MAINTENANCE RESPONSIBILITIES:

1. Windows, entrance doors, glass doors, screens, entry ways (carpet or tile on doorstep) and vestibules which are appurtenances to the unit.
2. Exterior door lights and bulbs therein.
3. Ski lockers or storage cabinets.
4. Interior utilities, furnishings and appliances.
5. Interior damage or damage to other units caused by the owner.
6. Replacement of missing or unauthorized fire extinguishers.
7. Contents insurance for individual units.

ASSOCIATION RESPONSIBILITIES:

1. Stairs, decks, and deck railings.
2. Exterior siding and structural members of exterior walls.
3. Common areas, landscaping, driveway and parking areas.
4. Roofs, skylights and guttering.
5. Water, sewage, trash removal and exterior utilities.
6. Supplying of original # 5 ABC fire extinguisher and periodic recharging of same.
7. Parking signs, entrance sign and condo numbers.
8. Exterior light posts, lamps and bulbs. (Excludes door lights.)
9. Snow removal from common areas, driveway and parking areas.
10. Fireplace inspections and cleaning, if required.
11. Building insurance and liability coverage. (Excludes contents coverage.)