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**609 ZUNI CONDOMINIUMS
DISCLOSURE STATEMENT**

Four Condos in Taos, LLC (hereinafter referred to as "Declarant:), the Declarant of that certain Condominium Declaration for 609 Zuni Condominiums, dated July 15, 2004, hereby makes the following disclosures to potential buyers of Units in 609 Zuni Condominiums:

1. The name and principal address of the Declarant are Four Condos in Taos, LLC, P.O. Box 1271, Taos, NM 87571. The name and principal address of the condominium is 609 Zuni Condominiums, located at 609 Zuni St., Taos, NM.

2. A general description of the condominium is: there are four residential condominium units, designated as Units 1, 2, 3, and 4, in the attached reduced version of the plat. The four Units occupy two separate buildings. Each Unit is two stories, comprising approximately 644 square feet, per story, per Unit. Construction of the Units is complete except for solar panels. Solar panels are back-ordered and are currently difficult to obtain, and Declarant anticipates they will not be available for approximately four months. Declarant intends to complete installation of solar panels by not later than December 31, 2004.

3. There are four Units in the condominium.

4. Attached hereto is a copy of the Condominium Declaration and a reduced size version of the Condominium survey. The following covenants and easements were of record prior to recording the Condominium Declaration: Easement dated March 3, 1967 from Randal Lumber to Southern Union Gas recorded in Book M-68, Pages 332-236, records of Taos County, New Mexico; Right-of-Way Easement from Randall Lumber to Mountain States Telephone recorded in Book M-65, records of Taos County; Agreement affecting Randall Subdivision of the Town of Taos recorded in Book M-68, Pages 332-336, records of Taos County; and Restrictions as stated in Special Warranty Deed recorded in Book M-389, Pages 154-156, records of Taos County, New Mexico. Also attached are the Bylaws of the Condominium Association now in effect. There are no rules and regulations of the Association in effect. Declarant requires buyers to use a form of Purchase Agreement approved by the New Mexico Real Estate Association, or buyers may use the form of Purchase Agreement attached hereto. There are no contracts or leases that will, or may be subject to cancellation by the Association under Section 38 of the Condominium Act.

5. The Homeowners Association recently organized as a New Mexico non-profit corporation. It has no assets and no liabilities at this time. The proposed budget for the next assessment year is attached. The assessment year is currently defined as

August 1 through July 31, and it is anticipated that the Association will elect a fiscal year ending July 31, and its first year of operation will end July 31, 2005. No operations or revenues are anticipated for the year ending July 31, 2004.

(a) There is included in the current budget an amount of \$350 per year, as a reserve for roof replacement, and \$2,200 per year, as a reserve for re-plastering the exterior surfaces of the condominium buildings.

(b) The current budget includes \$300 for unknown expenditures described as "contingencies."

(c) The projected common expenses, excluding the reserves described above, are \$4,320 per year, and are shown by category on the attachment.

6. There are no services provided by the Declarant, or paid for by Declarant, which are likely to become a common expense in the future. Declarant reserves all rights, however, in the event that there are such expenses which are not now known or anticipated, but which are lawfully chargeable to the condominiums or to the Association, to receive such payments from the Association.

7. There is no initial or special fee due from the purchaser at closing.

8. To the best of Declarant's knowledge, there are no liens, defects, or encumbrances on or affecting title to the condominiums, except as disclosed in a preliminary title commitment which will be provided to the purchaser prior to Closing.

9. There is no financing offered by or arranged by Declarant. Prospective purchasers are expected to arrange their own financing.

10. At closing, the contractor/builder of the condominiums, Group³ Development, LLC, will furnish each purchaser with its limited warranty. The principal terms of Group³'s warranty are that all materials are substantially free of defects and will be free of defects for a period of one year from the closing with the purchaser of the Unit, and all workmanship was done in a workmanlike manner, and will be substantially free of defects for one year from the said closing. The builder's warranty will be limited to disclaim any liability arising out of, or resulting from any cracked concrete, stucco, plaster, floor covering, ceramic or porcelain tile, or any twisted or checked wood products; the purchaser is expected to understand that it is normal for such materials to experience cracking in Taos, New Mexico due to climatic factors (including large differences between summer high temperatures and winter overnight low temperatures, and aridity) and due to normal settling; the builder will not respond to alleged warranty claims based upon normal settling and cracking. The liability of the builder will be limited to the cost of repair or replacement, or the diminution in market value of the

condominium Unit, whichever is lower. There will be no consequential or incidental damages whatsoever; any recovery by the purchaser against the builder shall be limited to actual damages as measured by the lesser of repair cost/replacement cost, or diminution in market value. In the event of any action to enforce said warranty, the purchaser will not be entitled to recover attorney's fees (nor will the builder), but rather, each party will bear its own attorney's fees and court costs; however, the prevailing party shall be entitled to recover court costs, excluding attorney's fees, in accordance with applicable law. The foregoing limitations, including limitation of the warranty period to one year, and the limitation on recoverable damages, are substantial limitations on warranty rights which might otherwise have been conferred upon the purchaser by law or by some other agreement. Furthermore, the warranty liability is solely the responsibility of the builder, and Declarant accepts no warranty liability whatsoever. As between the Declarant and the purchaser, the purchaser is purchasing the condominium Unit "as is," and is relying entirely on the purchaser's own inspections, or those inspections arranged and paid for by the purchaser. This limitation on Declarant's warranty liability, which eliminates any warranty liability whatsoever, is a substantial limitation as compared with the rights which might have been conferred upon the purchaser by law or by some other agreement, in the absence of this agreement.

a. Glycol in the radiant heating system.

The radiant heating system installed in the slab and baseboard heaters of the 609 Zuni Condominiums is designed to deliver hot water through a series of tubes for the purpose of heating the units. The tubes in this system have been filled with water. It is highly recommended that this water be replaced with a Glycol (antifreeze) liquid if the tenants or owners of a particular unit do not plan on occupying the unit during extended periods of cold weather, and or turn the heating system off during periods of cold weather and or freezing temperatures. Damage may occur to the radiant heating system, the slab and or the tubes in the slab if the water in the system freezes.

The above issue and concern can be eliminated by keeping the temperature of the units at a minimum setting (above freezing) throughout the winter months, or replacing the water with a Glycol solution if the heating system is to be turned off.

The Declarant makes no statements, warranties or claims in regard to damage that may occur as a result of turning off the heating system. Maintenance or adjustments to the heating system should be conducted by a trained professional. Greg Millison of Taos Plumbing and Heating, 505-776-2228, initially installed the system.

b. Common grey water irrigation system.

Purpose of system: The purpose of the grey water system is to utilize grey water (waste water from shower drains, bathroom sink drains, and clothes washer drains) for the purpose of irrigating the landscape at 609 Zuni.

Description of the system: A grey water irrigation system has been designed/installed at the 609 Zuni condominium units. The system purpose is to divert grey water (water from bathroom sinks, showers, and clothes washing machine drains) by gravity feed, to a holding tank which will be pressurized by a shallow well pump and sent to the landscape water frost-free yard standpipes located on the property as indicated on the survey. The yard standpipes may be connected to an irrigation drip system for the purpose of delivering measured quantities of water to plants and trees on the property. In the event that grey water is not available in sufficient quantity as demanded by the irrigation system and the associated pump, the system will draw the required water from the water meter associated with Unit #1. In the event that the quantity of grey water available is in excess of what is required for landscape irrigation, the excess water will overflow into the city sewer system. It is expected that there will be sufficient grey water so long as at least some of the Units are occupied on a full-time basis. In the event that most or all of the Units are occupied only part-time, then it is anticipated that there will not be sufficient grey water. It is anticipated that the demands from the landscape irrigation system will not exceed the available water from the grey water system. It is therefore unlikely that the water meter associated with Unit #1 will be utilized for the purpose of providing water to the landscape system. The Declarant makes no statement, warranty or claim that the system will function as designed. In the event that the grey water system does not function, or does not result in sufficient water for landscape purposes, and the water meter associated with Unit #1 is providing water to the landscape system for the purpose of irrigating the common elements of plants and trees, the association will distribute the fees associated with water meter #1 equally to each member of the homeowners association, as elected by the condominium association pursuant to the Condominium Act. There is a meter located in the pump vault for the purpose of measuring water drawn into the landscape system via the water meter for Unit #1. Should any water be drawn from Unit #1, this vault meter will be used to determine the fees to be divided equally among all four condominium Units. The grey water system is a common element as described under provision 2.4 "common elements" Article II "Buildings on the Property: Unit Boundaries: Common Elements" within the Condominium Declarations.

c. Stucco & plaster maintenance and repair.

The units at 609 Zuni Street have synthetic stucco on the exterior walls. The stucco may be subject to cracking, chipping, or damage from accident, natural causes or entropy. Fees have been established in the Condominium documents for the eventual re-plastering of the Condominium complex in a period of approximately ten (10) years. Ten years is the estimated life span for exterior synthetic stucco to maintain

its original appeal, protection and esthetic. The actual life cannot be predicted and there is no statement, claim or warranty from the Declarant that the stucco will be free of cracks, chips or have lost its luster or protective qualities at any time. Each unit has several internal walls that have been surfaced with decorative plaster. This plaster is subject to cracking, chipping and damage from accident, natural causes and entropy. The Declarant makes no statement, claim or warranty that this surface plaster be free of defects, cracks, chips, fading, stains or other sign of wear and tear. The interior plaster is "as is".

d. The common element "photovoltaic grid tie-back system".

Purpose of system: The purpose of the photovoltaic electric system (PV system) is to generate supplemental electricity from the sun as recorded/metered by the fifth electric meter (meter #5). The fifth meter (meter #5) which is owned by Kit Carson Electric (utility provider) is provided to the 609 Zuni Condominiums Homeowners Association, Inc. for the purpose of providing electric service and or electric credit from the generation of power from the PV system, as agreed in the "Power Purchase Agreement" provided by Kit Carson Electric.

Description of system: The photovoltaic system is described as; a brand "Sunny boy" electric inverter, a DC and AC power disconnect, with a minimum of six photovoltaic modules and a rack mounting those modules to the roof of Unit #1 and the wires within the above described system and the wires connecting it to a fifth electric meter (meter number 5). This system, attached to the outside rear wall of Unit #1 (as indicated on the plat survey) and attached to the roof of Unit #1 is a common element, as described under provision 2.4 "common elements," Article II, "Buildings on the Property: Unit Boundaries: Common Elements," in the Condominium Declaration. The fifth meter (meter #5) is connected to the electric pump associated with the common element grey water irrigation system. This pump (shallow well pump) is located in the underground concrete vault as noted on the survey documents. The power necessary to operate this pump is measured (metered) by meter #5. It is anticipated that the power produced by the PV system will supplement, offset, or exceed the requirements of the irrigation pump. There is however, no quantitative data to support this claim, nor is there any warranty or promises on the part of the Declarant that this claim will be so. There is no warranty provided by the Declarant for the maintenance or repair of the PV system. Warranties provided by the manufactures of the said equipment may be transferable to the 609 Zuni Condominium Association. For example; most PV modules carry a 30 year warranty granted by the manufacturer. The Declarant makes no statement, warranty or claim that the system will function as designed. The fees, dues, and or credit, if any, that results from the fifth electric meter (meter #5) as reported by Kit Carson Electric (utility provider) shall be divided between each member of the 609 Zuni Homeowners Association, Inc. in equal shares.

e. Landscaping (plants, bushes, shrubs, vines, and trees) and landscape irrigation system (drip system, plumping and fittings).

Purpose of system: The purpose of landscaping is to enhance the look, charm, and property value and add other intangible qualitative benefits to the property. The purpose of the landscape irrigation system is to provide water to the plants, bushes, shrubs, vines and trees located on the property.

Description of system: The landscape irrigation system consists of four frost free standpipes located throughout the property as indicated on the survey plat. Attached to each standpipe is a series of irrigation hoses and drip irrigation tips which direct water in measured quantities to each shrub, bush, vine, plant and tree on the property. Battery operated timers are attached to each standpipe to administer measured quantities of water to the plant materials.

The Declarant makes no claims, statements, or warranties for this system or the health/survival of any plant material. Routine maintenance should be carried out by professional landscape personnel who are retained by the condo association for the purpose of maintaining the 609 Zuni common element grounds. Prior to overnight freezes each Fall (often as early as September 15), hydrants must be turned off, because the hydrants will freeze and fail if left on in freezing temperatures.

11. Prospective purchasers are advised that: (a) within seven days after receipt of this Disclosure Statement, a purchaser, before any closing, may cancel any contract for purchase of a Unit from Declarant; (b) if a Declarant fails to provide a Disclosure Statement to a purchaser before conveying a Unit, the purchaser may rescind the purchase within six months from the date of conveyance; (c) if a purchaser has not been provided with a Disclosure Statement and all attachments thereto, as set forth in subsections (a) and (b), above (and as required by Section 60 of the Condominium Act), the purchaser is entitled to rescind the purchase within six months from the date of conveyance upon delivery to the seller (Declarant) of a special warranty deed, subject to no encumbrance attaching to the property suffered or caused by the purchaser; and (d) if a purchaser receives the Disclosure Statement more than seven days before signing a contract to purchase a Unit, the purchaser may not cancel the contract.

12. There are no unsatisfied judgments or pending suits against the Association. There are no pending suits material to the condominium as far as is known to the Declarant.

13. Any deposit made in connection with the purchase of a Unit shall be held in an escrow account until closing, and shall be returned to the purchaser if the purchaser cancels the contract pursuant to Section 60 of the Condominium Act. The

name and address of the escrow agent are Taos Title, Inc., P.O. Box 322, Taos, NM 87571.

14. There are no restraints on alienation of any portion of the condominium.

15. The following insurance is maintained by the Association for the benefit of Unit owners: fire and extended risk coverage for the full replacement value of all improvements, but excluding the contents of any Unit; public liability insurance in the amount of \$1 million, single limit.

16. There are no current, or expected, fees or charges to be paid by Unit owners for the use of Common Elements and other facilities related to the condominium, except for the regular assessments budgeted and shown on the attachment.

17. There is no necessity for financial arrangements to assure completion of improvements, because all contemplated improvements have been constructed except for the solar panels, and as to those, there are no financial arrangements to assure completion.

18. Declarant has reserved certain rights in Article VIII of the Condominium Declaration, but these rights do not constitute "reserved development rights" within the meaning of the Condominium Act, in that there are no additional Units contemplated or reserved, nor any other improvements contemplated or reserved. The rights which Declarant has reserved include: the right to add real estate to the condominium (but not to develop additional Units); the right to allocate Common Element parking spaces as Limited Common Elements allocated to particular Units, which Declarant may do by deed to a purchaser, and to the extent not done by Declarant, may be done by the Association by regulation; the right to use an unsold Unit as a model for sales purposes; the right to use easements through the Common Elements for the purpose of making improvements or repairs, or for access to any adjacent land now owned by Declarant or which may hereafter be acquired by Declarant; to make the condominium part of another condominium; to make the condominium subject to a master association; to appoint or remove any officer of the Association or any master association; to drill one or more wells for water use and to build or install underground waste treatment, in lieu of, or in addition to, the Town of Taos's water and sewage systems; to erect a boundary fence on the property; to complete any improvements which are not yet completed, as indicated on the plat; to record amendments to the plat in certain cases, to conform the plat to actual improvements as built; and to record any amendment to the Condominium Declaration in connection with any reserved right to record such an amendment unilaterally, including, if reasonably necessary, to conform the Declaration to the plat.

Exhibit A – Annual Budget

Proposed Budget for 609 Zuni Condominiums

	Per year	
Insurance - fire, harzard.	\$1,820	
electric common meter	\$150	
Landscaping	\$1,200	
driveway parking maintenance	\$850	
accounting	\$300	
contingencies	\$300	
new roof in 20 years (\$7,000)	\$350	\$7,000.00
re-plaster in 10 years (\$22,000)	\$2,200	\$22,000.00
Total	\$7,170	
total per unit	\$1,793	
per month	\$149	

CONDOMINIUM DECLARATION

FOR

609 ZUNI CONDOMINIUMS

THIS CONDOMINIUM DECLARATION ("Declaration") is made as of this 15th day of July, 2004, by FOUR CONDOS IN TAOS, LLC, a New Mexico limited liability company (sometimes called "Declarant"), who declares that it is the owner of the real property described on Attachment "1" to this Declaration, and desires to create a condominium within the meaning of the New Mexico Condominium Act (Chapter 47, Articles 7A, 7B, 7C, and 7D, NMSA 1978), upon the following terms, covenants, and restrictions:

ARTICLE I

Submission; Defined Terms

1.1 **Submission of Property**. Four Condos In Taos, LLC, as owner of the real property described on Attachment "1", attached hereto, located in Taos County, New Mexico, hereby submits the real property described in Attachment "1" together with all improvements, easements, rights, and appurtenances (the "Property") to the provisions of the New Mexico Condominium Act.

1.2 **Defined Terms**.

(a) The term "Association" shall mean the 609 ZUNI CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC., a New Mexico non-profit corporation.

(b) The term "By-Laws" shall mean and refer to the By-Laws of the Association, including any amendments thereto. A copy of the By-Laws now in effect is

attached as Attachment "2" to this declaration.

(c) The term "Board of Directors" shall mean the board of directors of the Association.

(d) Terms not otherwise defined herein or in the Plats, Plans, exhibits, attachments, or by-laws, or in any amendment hereto, shall have the meanings specified in Section 47-7A-3 of the Condominium Act.

ARTICLE II

Buildings on the Property; Unit Boundaries; Common Elements

2.1 **The Buildings.** The location, dimensions, and area of the buildings on the Property are depicted on Attachment "3", the "Plat". The Plat is a condominium survey entitled "609 Zuni Street Condominiums", dated May 3, 2004 by Red Tail Surveying, Inc., job no. 1023.01.

2.2 **Units.** There are four (4) units located in the Buildings as shown on Attachment "3" (the "Units"). The Units, their identifying numbers, locations, and sizes are all shown more fully on the Plat). Each Unit shall have an undivided twenty-five (25%) percent interest in Common Elements and Common Expenses. Each Unit shall have equal voting power in the Association, one vote per Unit. The initial assessment amount for each Unit shall be One Thousand Seven Hundred Ninety Three Dollars (\$1,793), which may be increased pursuant to Article IX of this Declaration.

2.3 **Unit Boundaries.** Each Unit consists of the space within the interior boundaries defined by bold double lines and labeled "Unit 1," "Unit 2," "Unit3," and "Unit

4,"as shown on the Plat. Walls which form the boundary of a Unit are herein referred to as "boundary walls." Any walls lying entirely within a Unit are herein referred to as "interior walls". Interior walls are part of the Unit, including the interiors and structural members of such walls, and electrical and plumbing fixtures, and conduits, located within such interior walls. The interior surfaces of boundary walls, not just the space, but the material, such as plaster, wallboard, and all windows and window frames, are part of the Unit. The interiors of boundary walls, including studs and other structural members, electrical and plumbing conduit and fixtures, insulation, and all exterior surfaces of boundary walls, except windows and window frames, are Common Elements, for the exclusive use of the Unit, or Units, of which the wall is part of or appurtenant to.

2.4 **Common Elements.** All portions of the Condominium other than the Units are Common Elements. The roofs of all buildings, and boundary walls, but not including interior surfaces of boundary walls which are part of Units, are Common Elements. Any portion of a chute, flue, duct, wire, conduit, bearing wall, bearing column, studs, other structural parts of boundary walls, or any other fixture which lies partially within and partially outside the designated boundaries of a Unit, and serving more than one Unit or any portion of the common Elements, is a part of the Common Elements. Any portion of any of such fixtures serving only one Unit, and lying within an interior wall, is part of the Unit, and if located partly within a boundary wall, and partly within an interior wall, then it is a Limited Common Element allocated solely to that Unit. Any balcony, patio, porch, yard, landscaped area, or boundary wall, designed to serve a single Unit and adjacent to that Unit, but located outside the boundaries of that Unit, is a Limited Common Element

allocated exclusively to that Unit. The Common Elements within boundary walls serving more than one Unit, are Limited Common Elements allocated to those Units.

2.5 **Relocating of Unit Boundaries and Subdivision of Units**. So long as the Declarant owns any Unit or any interest therein, the relocation of boundaries between Units and the sub-dividing of Units without the prior written consent of the Declarant is prohibited. Any such relocation or subdivision done with the consent of the Declarant shall only be valid when an Amendment to this Declaration is recorded as required by the Condominium Act, and the consent of the Declarant to the amendment is endorsed thereon.

2.6 **Maintenance Responsibilities**. Each Unit owner is responsible for the maintenance and repair of his or her own Unit, including the Limited Common Elements or Reserved Common Elements of his or her own Unit. The Association shall be responsible for the maintenance and repair of all Common Elements, but not the Limited Common Elements or Reserved Common Elements appurtenant to any Unit. If any Unit owner fails to maintain or repair the Limited Common Elements or Reserved Common Elements appurtenant to his or her Unit, then the Association may maintain such Limited Common Elements or Reserved Common Elements at the expense of the Unit owner, and shall charge such Unit owner for the costs of the maintenance or repair. The Association shall bill the Unit owner, and shall allow a reasonable time for payment; however, if not paid within thirty (30) days, such charges shall become a lien on the Unit, as provided elsewhere in this Declaration. The Association shall be responsible for exterior maintenance, repair, and restoration of all Common Elements not appurtenant to a Unit, or not maintained by a Unit owner as provided for above, including paint, stain, repair,

replacement, and care for roofs, doors, gutters or canals, downspouts, exterior building surfaces, walkways, garden walls, retaining walls, landscaped area, and plantings, and all exterior improvements, drainage structures, roadway, sewer lines located outside a Unit, all water lines and related equipment, and all utility lines and water lines located outside a Unit. Notwithstanding that all windows and window frames are part of the Unit, the style of any replacement windows or window frames proposed to be installed by any Owner, shall be subject to architectural approval by the Association.

ARTICLE III

Restrictions on Use of Units and Common Elements

3.1 **Designation of Reserved Common Elements.** The Board of Directors shall have the power in its discretion to designate from time to time certain Common elements as "Reserved Common Elements" and grant reserved rights to any or less than all of the Unit Owners and establish a reasonable charge to such Unit Owners for the use and maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the Common Elements.

3.2 **Occupancy and Use.** No Unit shall be used for other than residential housing and accommodations and the related purposes for which the Property was designed, including lawful home-based business uses, consistent with applicable law. Nothing in this Declaration shall be construed to prohibit the Declarant from using any Unit owned by Declarant for promotional, marketing, or display purposes, or from using any appropriate portion of the Common Elements as a management or sales office for

marketing and closing of sales of condominium Units.

3.3 **Additional Restrictions**. No immoral, improper, noxious, or unlawful use may be made of the Property. Each Unit owner shall keep his or her Unit and Limited Common Elements appurtenant thereto, in a good state of preservation and cleanliness. No storage of trash will be permitted in or outside any Unit in such a manner as to create additional risk of fire, or vermin, or cause odors or seepage, or any other nuisance. Except for signs posted by Declarant to identify Units, and for promotional or marketing purposes, and further except for one "for sale" sign not larger than four (4) square feet, by which a Unit owner other than Declarant may advertise his or her Unit for sale, or by which a Unit owner may identify a home-based business, no signs of any character shall be erected, posted, or displayed upon, in, or from any Unit or Common Elements without the prior written approval of the Board of Directors. No owner shall obstruct any of the Common Elements, nor shall any owner store anything upon any of the Common Elements without the written approval of the Board of Directors. No alterations or construction shall be done to the Common Elements except upon the prior written consent of the Board of Directors. Each Unit and the Common Elements shall be occupied and used in compliance with such rules and regulations as may be promulgated and amended by the Board of Directors from time to time.

3.4 **Prohibition of Time Sharing**. No Unit shall be conveyed pursuant to any time share plan.

3.5 **Alterations Prohibited**. Other than changes by the Declarant under reserved development rights, no structural change or modification to any building shall be

constructed by any owner or occupant, if such alteration affects the exterior surfaces of any building or roof without the unanimous consent of all owners. No substantial landscaping changes, nor installation of any solar device, antenna, or satellite dish which is visible outside any building, shall be done without the written consent of the Board of Directors.

3.6 **Existing Covenants of Record.** Unit Owners will comply with all covenants of record affecting the subject property.

ARTICLE IV

Easements

In addition to the easements created by Sections 47-7B-14 and 47-7C-7 of the Condominium Act, the following easements are hereby granted:

4.1 **Easement for Ingress and Egress Through Common Elements and Access to Unit.** Each Unit owner is hereby granted non-exclusive easement in common with each other Unit owner appurtenant to each Unit for ingress and egress through all Common Elements, subject to such reasonable rules, regulations, and restrictions as may be imposed by the Unit Owners Association.

4.2 **Other Easements.**

(a) Declarant reserves in favor of Declarant, its agents and employees, the managing agent, or any other person authorized by the Board of Directors, the right of access to any Unit for the purpose of maintenance, repair, or replacement of the Common Elements. In case of emergency, such access may be immediate whether the Unit owner is present at the time or not. Unless imminent danger to persons or property requires

immediate entry without notice, any such entry for repair purposes shall be only after reasonable notice, not less than twenty-four (24) hours, is given to the Unit owner, or other occupant. Except for such entry for repairs, or prevention of eminent danger to persons or property, and as provided in subsection (b), below, neither Declarant nor the Association shall have any right of entry into a Unit.

(b) Declarant expressly reserves for itself, its agents and employees an easement through the Common Elements, and the right of access to any Unit, as may be reasonably necessary, for the purpose of: (i) making improvements within the Condominium including, but not limited to, the alteration or installation of any water lines, waste lines, septic system or television systems; or (ii) exercising any special Declarant rights; and (iii) discharging the Declarant's obligations under this Declaration.

ARTICLE V

Amendment of Declaration

5.1 Declarant shall amend this Declaration upon exercise of any substantial right under its reserved Special Declarant Rights as set forth in Article VIII, and each such amendment shall be unilateral by the Declarant without the consent of Owners or mortgage holders. Except as just provided, no amendment of this Declaration may be made by the Association or the Unit Owners without the prior written approval of the institutional lender or lenders holding three-fourths (3/4) of the first mortgages encumbering Condominium Units ("Mortgagees") where such amendment: (a) changes the Percentage Interest or obligations of any Unit; (b) subdivides, partitions or relocates the boundaries of any Unit

encumbered by a mortgage; or (c) except as otherwise provided by the Amended Declaration, By-Laws, or the Condominium Act, withdraws the submission of the Property to the Condominium Act.

5.2 Except as otherwise provided or reserved herein or in the Condominium Act, this Declaration may be amended only by a vote of agreement of Unit Owners or Units to which at least three-fourths (3/4) of the votes in the Association are allocated.

5.3 No amendment to this Declaration which purports to decrease, modify, or otherwise limit the Special Declarant Rights described in Article VIII hereof shall be valid unless written consent of the Declarant is endorsed thereon prior to the recording of such amendment.

ARTICLE VI

Right to Rent Units

Declarant shall retain title to each Unit not sold to a purchaser or exchanged for other property. Declarant retains the right to enter into one or more leases or other rental arrangements, including overnight accommodations, with others for the occupancy of any of the Units retained by Declarant.

ARTICLE VII

Priority of Mortgagees

7.1 **Mortgagee Protection.** Except as specifically provided in this Declaration, no provision of this Declaration shall be construed to grant to any Unit Owner or to any

other person, any priority over any lien rights of first Mortgagees.

7.2 **Subordination.** Notwithstanding any other provisions of this Declaration to the contrary, the lien of any assessment levied pursuant to the By-Laws upon any Unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect, the rights of the holder of a prior first mortgage made in good faith for value received; provided that such mortgage secures a loan initially made by an institutional lender; and provided further, that such subordination shall apply only to assessments on a Unit which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure or to any deed or other proceeding in lieu of foreclosure, and any such sale or transfer in foreclosure or in lieu of foreclosure shall not relieve the purchaser of the Unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment.

ARTICLE VIII

Special Declarant Rights

8.1 **Option to Add Real Estate to the Condominium.** Declarant hereby expressly reserves the right to add all or any portion of any adjacent tract. Declarant further expressly reserves the right to record an amendment to this Declaration, executed unilaterally by Declarant only, which will have the effect of terminating this right. If and to the extent Declarant shall add all or any portion of any adjacent tract, Declarant may thereafter at any time withdraw the said portion of that tract.

8.2 **Allocation of Common Elements.** A portion of the Common Elements

marked on the Plat as parking spaces, are Common Elements which may be allocated as Limited Common Elements. Declarant reserves the right to assign or not to assign some or all of these elements designated as Limited Common Elements for the exclusive use of certain Unit Owners to whose Units such assigned elements shall become appurtenant. Declarant may allocate such elements as Limited Common Elements pursuant to the provisions of Section 47-7B-5 of the Condominium Act by making an express allocation in the deed to the Unit to which such Limited Common Elements shall be appurtenant or at any time in a separate instrument and by subsequently confirming any such allocations by recording an appropriate amendment or amendments to this Declaration. To the extent that Declarant shall not have exercised this right to allocate parking spaces as Limited Common Elements, after Declarant no longer has any interest in any of the Units, the Association may allocate parking spaces by regulation.

8.3 **Use for Sales Purposes.** All Units shall be subject to statutory right concerning sales and management offices and models in Units, in favor of Declarant as provided in Section 47-7B-1 of the Condominium Act, and Declarant otherwise expressly reserves the right to use one or more Units owned by Declarant and any appurtenant Limited Common Areas as models, management offices, and/or sales offices until such time as Declarant conveys titled thereto to a Unit Owner. Declarant reserves the right to relocate offices and/or models from time to time within the Property. Upon relocation or sale of a model, management office, or sales office, the furnishings thereof may be removed. Declarant further reserves the right to maintain on the Property including, but not limited to, on the Common Elements, advertising signs in any location or locations and

from time to time to relocate and/or remove the same, all in the sole discretion of Declarant.

8.4 **Other Special Declarant Rights**. In addition to the Special Declarant Rights provided above, the Declarant hereby expressly reserves the right, until the twenty-fifth (25th) anniversary of the recordation of the Declaration, in compliance with the Condominium Act, and without the consent of any Unit Owner or Mortgagee, to:

(a) Use the easements through the Common Elements described in Article IV for the purpose of making improvements within the Condominium or within any Real Estate which may be added to, or withdrawn from and subsequently added to, the Condominium;

(b) Make the Condominium part of another Condominium;

(c) Make the Condominium subject to a Master Association;

(d) Appoint or remove any officer of the Association, any Master Association or any executive board member during the maximum period permitted under Subsection D and E of Section 47-7C-3 of the Condominium Act;

(e) Drill one or more wells for domestic water use for the Condominium, and/or build and/or install one or more underground septic waste treatment or similar facilities in addition or in lieu of the Town of Taos water and sewage systems presently in use, on the Property, or portions thereof as a Common Element serving the Property;

(f) Build a fence on the Property which fence shall separate the Property from the adjoining property;

(g) Complete all or any portion of any improvements indicated on the Plats

and Plans attached hereto as Attachment "3";

(h) Record any amendment to the Plat, which, in the reasonable judgment of Declarant, is necessary to conform the Plat to the actual improvements as built on the Property; and

(i) Record any amendment to this Declaration which is necessary, in the Declarant's reasonable judgment, to conform this Declaration to the recorded Plat, including, without limitation, corrections to any legal description, Unit boundary description, or description of Common Elements or Limited Common Elements, as set forth on the Plat or any amendment thereto.

ARTICLE IX

Powers of Unit Owners' Association; Assessments

9.1 **Powers.** The Unit Owners' Association shall have all the powers provided for in Section 47-7C-2 of the Condominium Act including but not limited to the right to assign its right to future income (including the right to receive Common Expense Assessments) for the purpose of securing repayment of funds borrowed or indebtedness incurred by the Association in the performance of its responsibilities.

9.2 **Creation of the Lien and Personal Obligation of Assessments.** The Declarant, for each Unit, hereby covenants, and each Owner of any Unit shall by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and charges, and special assessments for capital improvements, as provided herein. All of

such assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. 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 property at the time when the assessments were made and shall not pass to his successors in title, unless expressly assumed by them.

9.3 **Purpose of Assessments.** The assessments levied by the Association shall be for the purpose of paying all costs for maintenance and upkeep of the Common Elements, and for maintenance, placement, and upkeep of any and all culverts, bar ditches, and other similar improvements which are reasonably necessary. Any road and cul-de-sac shall at all times meet applicable rules, regulations, and specifications required by the Town of Taos. The term "maintenance" shall not be construed to include substantial improvements, unless such improvements are required by law, or are approved in accordance with Section 9.5, below.

9.4 **Annual Assessment.** Until the sale of the fourth Unit by Declarant, the annual assessment shall be \$1,793 per Unit. In the discretion of Declarant, without a vote of the Owners, the annual assessment may be increased for each Unit not more than ten (10%) percent. Thereafter, the annual assessment may be increased with the consent of three-fourths (3/4) of the Owners. Three-fourths (3/4) of the Owners may fix the annual assessment at an amount less than the previous year, with the consent of Declarant, if Declarant owns any interest in any Unit. The Board of Directors of the Association may elect to have the annual assessments paid in annual, semi-annual, or monthly installments.

Until changed by the Board of Directors, installments shall be payable monthly, and the initial monthly payment amount shall be \$149 per Unit. Notwithstanding the foregoing, with respect to Units held by Declarant for sale which are not yet sold, and which are not occupied by any tenant, the annual assessment for such Units shall be \$600 per Unit, and the initial monthly payment amount shall be \$50 per Unit. Upon the change of possession of a Unit to a tenant who occupies the Unit, the annual assessment amount and monthly amounts shall be increased to the same amount as for other Units owned by Owners other than Declarant, commencing on the first day of the first full month of such occupancy.

9.5 **Special Assessments for Capital Improvements.** In addition to the annual assessments authorized above, the Association by vote of three-fourths (3/4) may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements. Any such action by the Association shall require the consent of Declarant, if Declarant owns any interest in any Unit.

9.6 **Notice for Any Action Under Sections 9.4 and 9.5.** Written notice of any meeting shall be sent to all members not less than fifteen (15) days or more than thirty (30) days in advance of such meeting in the manner provided in the By-Laws of the Association. Two members, or all members if there are one or two, shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one less member than at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

9.7 **Rate of Assessment.** Both annual and special assessments shall be fixed at a uniform basis for calculation for all Units and may be collected on a monthly basis or other convenient basis as selected by the Board of Directors of the Association.

9.8 **Date of Commencement of Annual Assessments: Due Dates.** The annual assessments provided for herein shall commence as to all Units on the date of closing of the purchase of the first Unit sold by Declarants. The first annual assessment shall be adjusted according to the number of months remaining in the assessment year. The members the Association shall fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an agent of the Association setting forth whether the assessments on a specified Unit have been paid. An "assessment year" shall be fixed by the association, and may be a calendar year or other 12-month period, ending on the last day of a calendar month. Unless and until changed by the Association, the assessment year shall begin on August 1 and end on July 31.

9.9 **Effect of Nonpayment of Assessments: Remedies of the Association.** Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. In addition, the Association shall be entitled to a one-time late fee of ten percent (10%) of the principal amount of unpaid assessments which are late. In addition, upon any such default which is not cured within such thirty days, the Association shall be entitled to accelerate the due date of any

monthly, quarterly, or semi-annual installment not yet due for the current assessment year, and to demand payment of such accelerated balance immediately; and, in the event that such accelerated balance is not paid within thirty (30) days of such demand, then it shall likewise bear interest at eighteen percent (18%) per annum, and be subject to a one-time ten percent (10%) late charge. In addition, upon any such default which is not cured within such thirty days, the Association may do any one or all of the following:

(a) File a lien for any unpaid assessment by recording an affidavit of such fact in the office of the County Clerk of Taos County;

(b) Bring an action at law against the Owner personally obligated to pay same, or

(c) Foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the shared facilities or abandonment of his Unit.

The Association shall mail notice of such default to any mortgagee of the Unit Owner, ten (10) days prior to any foreclosure of lien.

In the event any of the foregoing actions are taken by the Association, then the Owner shall be obligated to pay to the Association reasonable attorney's fees and necessary costs incurred by the Association in enforcing its rights and taking such action.

9.10 **Subordination of Lien to Mortgages.** The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage and any real property taxes which constituted a tax lien against the property prior to the assessment lien. Sale or transfer of any Unit shall not affect the assessment as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Unit from liability

for any assessments thereafter becoming due from the lien thereof.

9.11 The Association's power to regulate use of the Common Elements, includes the power to close, either temporarily or permanently, and to dismantle, any future Common Element, including, for example, any hot tub, grill, orno, pond, or any other future Common Element, in any circumstances in which it is prudent to do so, in the Association's reasonable business judgment.

ARTICLE X

Taxation

The Units on the Property and the appurtenant Percentage Interest in the Common elements shall be deemed separate parcels for the purpose of special assessments and taxation. Each Unit Owner shall be deemed to be an "owner". Each Unit owner is responsible for notifying the Taos County Assessor of any change of ownership. In the event that Decalarant shall be assessed for any other owner's taxes, the owner shall upon demand contribute his share of such taxes, as reasonably calculated by Declarant. Any such amount which is unpaid after thirty (30) days, shall bear interest, and become a lien on the property in the same manner as an unpaid assessment, except that such lien shall be senior and superior to any other lien whatsoever, including the lien of any first mortgage. Declarant shall have the right to foreclose such lien in Declarant's own right or in the right of the Association, or both.

ARTICLE XI

Remedies for Breach of Covenants, Conditions, Restrictions, and Regulations

11.1 Each Unit Owner shall comply strictly with the By-Laws and with the administrative rules and regulations adopted pursuant thereto and shall comply with the covenants, conditions, and restrictions set forth in these Declarations or in the deed to his Unit. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the manager or the Board, in the name of the Association, or maintainable in a proper case by an aggrieved Unit Owner. In the event such an action is commenced, all expenses, including reasonable attorney's fees, shall be recovered by the prevailing party, and the amount thereof shall be a lien on the Unit of the breaching Owner in the same manner as for assessments.

11.2 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 Board the right, in addition to the rights otherwise afforded by law and the rights set forth in the preceding paragraph: to enter upon the Unit or Common Area upon which, or as to which, such violation or breach exists and 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 the expenses thereof shall be a lien on the Unit of the breaching Owner in the same manner as for assessments.

ARTICLE XII

Additional Rights of Institutional Mortgagees

In addition to all other rights set forth in this Declaration, any institutional holder of a first mortgage shall have the following rights:

12.1 Any institutional holder of a first mortgage on a Unit is, upon request, entitled to:

(a) Inspect the books and records of the Association during normal business hours;

(b) Receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year of the Association;

(c) Receive written notice of all meetings of the Association and may designate a representative to attend all such meetings; and

(d) Receive written notification from the Homeowner's Association of any default in the performance by the individual Unit borrower of any obligation under the condominium constituent documents which is not cured within sixty (60) days.

12.2 In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the institutional holder of any first mortgage on a Unit is entitled to timely written notice of any such damage or destruction and no provision of this Declaration or of any document establishing the Association entitles the owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit of any insurance proceeds.

12.3 If any Unit or portion thereof or the Common Area or facilities, or any portion

hereof, is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority, then the institutional holder of any first mortgage on a Unit will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision of this Declaration or of any document establishing the Association entitles the owner of a Unit or other party to priority over such institutional holder with respect to the distribution to such Unit of the proceeds of any award or settlement.

ARTICLE XIII

Articles of Incorporation and By-Laws of Association

A copy of the original Articles of Incorporation of the Association is attached hereto as Attachment "4". A copy of the original By-Laws of the Association is attached hereto as Attachment "2".

ARTICLE XIV

Impasses

In the event of any impasse among the owners, concerning any action requiring consent of owners, the impasse shall be resolved by the Board of Directors of the Association. In the event of an impasse among the Directors, an Arbitrator shall be appointed to resolve the impasse, chosen by consent of a majority of Directors, or, if they cannot agree, then by the District Court, in accordance with the New Mexico Arbitration Act, § 47-7-1 NMSA 1978. Nothing herein shall diminish any rights of Declarant which may

be exercised unilaterally or are expressly subject to Declarant's consent.

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the date set forth below.

DECLARANT:

Four Condos In Taos, LLC,
a New Mexico limited liability company
By: Backseat Investments, LLC, its managing member

Dated: 8/4, 2004

By: [Signature]
CODY N. WEST, Managing Member

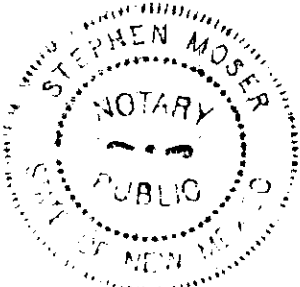
ACKNOWLEDGMENT

STATE OF NEW MEXICO)
) ss.
COUNTY OF TAOS)

The foregoing Declaration was acknowledged before me this 4th day of August, 2002, by Cody N. West, as Managing Member of Backseat Investments, LLC, the Managing Member of Four Condos In Taos, LLC.

[Signature: Stephen Moser]
Notary Public

My Commission Expires: 5-16-05



609 ZUNI CONDOMINIUMS
Condominium Declaration

Exhibit "1"
To
Condominium Declaration
For
609 Zuni Condominiums

* * *
LEGAL DESCRIPTION

Lot 3, Block 26 of the Randall Subdivision

A tract of land within the Fernando de Taos Grant, in Taos, Taos County, New Mexico, being Lot 3, Block 26, of the Randall Subdivision, shown on the Taos County Property ID Maps in Projected Section 17, Township 25 North, Range 13 East, NMPM; described as part of Tract 139, Map 21, Survey 2 of the 1941 Taos County Reassessment Survey, and more particularly described as follows:

BEGINNING at the NE corner of this tract, a 1/2" rebar found on the westerly right-of-way of Zia Street, from whence "Bosque," a 1973 State Engineers Office brass cap monument found, bears S 29° 32' 33" E, 9140.79 ft. distant, thence along said right-of-way:

S 26° 46' 37" W, 99.13 ft, to the SE corner of this tract, a 1/2" rebar found, thence leaving said right-of-way;

N 63° 25' 52" W, 133.74 ft, to the SW corner of this tract, a 1/2" rebar found on the easterly right-of-way of Zuni Street, thence along said right-of-way;

N 26° 30' 48" E, 99.17 ft, the NW corner of this tract, a 1/2" rebar found, thence leaving said right-of-way

S 63° 24' 50" E, 134.20 ft, to the POINT OF BEGINNING.

This tract contains 13,283 sq. ft. or 0.305 acre more or less, as shown on Red Tail Surveying, Inc. plat no. 1023.01, entitled Cody West 609 Zuni Street Condos, dated 3 May 2004, prepared by Robert A. Watt, NMPS #11770.

CC0362

Exhibit "2"
To
Condominium Declaration
For
609 Zuni Condominiums

* * *

BYLAWS OF 609 ZUNI CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC.

[Bylaws are attached.]

CG0363

BYLAWS
of
609 ZUNI CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC.
a New Mexico Non-Profit Corporation

ARTICLE I

OFFICES

This Corporation is hereinafter referred to as the "Association." The Board of Directors shall fix the location of the principal executive office of the Association at any place within or outside the State of New Mexico. If the principal executive office is located outside this state, and the Association has one or more business office (s) in this state, the Board of Directors shall fix and designate a principal business office in New Mexico.

ARTICLE II

MEMBERS

Section 1. Members.

The Association shall have up to four members, each of whom shall be the owner of one of the Condominium Units as specified in the Condominium Declaration for 609 Zuni Condominiums, dated _____, 2004 ("Declaration"). "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The business and affairs of the Association shall be governed by its Board of Directors.

Section 2. Annual Meetings.

There shall be a meeting of the Owners on the first Wednesday of April of each year, at 10.00 a.m., at the principal office of the Association, or at such other reasonable place or time (not more than sixty (60) days before or after such date) as may be designated by written notice of the Board of Directors delivered to the Owners not less than ten (10) days prior to the date fixed for said meeting. At the annual meeting, the Board of Directors shall present a report of the common expenses, itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each Owner, and the estimated common expenses for the coming calendar year. Within ten (10) days after the annual meeting, said statement shall be delivered to the Owners not present at said meeting.

Section 3. Special Meetings.

Special meetings of the Owners may be called at any time for the purpose of considering matters which require the approval of all or some of the Owners, or for any other reasonable purpose. Said meetings shall be called by written notice, signed by the President or by the Owners of two Units, and delivered not less than fifteen (15) days prior to the date fixed for said meeting. Said notices shall specify the date, time, and place of the meeting, and the matters to be considered thereat.

Section 4. Notices.

Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each such person at the address given by such person to the Association for the purpose of service of such notice or to the Unit of such person if no address has been given. Such address may be changed from time to time by notice in writing to the Association.

Section 5. Quorum.

The quorum requirements for any meeting shall be Owners of three Units, present in person or by proxy. If there is no quorum, the Owners present shall adjourn the meeting until a date and time set by them, but not longer than sixty days from the adjourned meeting, or if they are unable to agree to a new date and time, then to the same time ten days hence, and shall so notify the absent Owners. At any such reconvened meeting, the quorum shall be two Members. Action may be taken at a meeting of Owners by three members if four are present; by two Members if three are present; and by all Members present if only two or one are present.

Section 6. Proxies.

At all meetings of Owners, each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Owner of his Unit.

ARTICLE III

DIRECTORS

Section 1. Powers.

Subject to the New Mexico Corporations Law and any limitations in the Articles of

Incorporation and these Bylaws relating to action required to be approved by the Directors, the business and affairs of the Association shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

Without prejudice to such general powers, and subject to the same limitations, the Board shall have the power to:

- (a) Select and remove all officers, agents and employees of the Association; prescribe any powers and duties for them that are consistent with law, the Articles of Incorporation, and with these Bylaws; fix their compensation; and require from them security for faithful service.
- (b) Conduct, manage, and control the affairs and business of the Association.
- (c) Adopt, make and use a corporate seal or dispense with a seal.
- (d) Borrow money and incur indebtedness on behalf of the Association, and cause to be executed and delivered for the Association's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

Section 2. Number and Qualification of Directors.

The authorized number of Directors shall be three (3) until the conveyance of the first Unit, at which time the number of authorized Directors shall be increased to four (4). The Owner of the first Unit so conveyed shall be the fourth Director until the next annual meeting of Owners.

Section 3. Election and Term of Office.

Directors shall be elected at each annual meeting of the Owners, but if any such annual meeting is not held or the Directors are not elected at an annual meeting, the Directors may be elected at any special meeting of Owners held for that purpose. Each Director shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 4. Vacancies.

Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until a successor has been elected and qualified.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in the

event of the death, resignation, or removal of any Director, or if the authorized number of Directors is increased.

Any Director may resign effective upon giving written notice to the Chair of the Board, the President, the Secretary, or Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

Section 5. Place of Meetings and Meetings by Telephone

Regular and special meetings of the Board of Directors may be held at any place within or without the State of New Mexico which has been designated from time to time by the Board or by the person calling the meeting. In the absence of such designation, meetings shall be held at the principal executive office of the Association. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so long as all Directors participating in the meeting can hear one another.

Section 6. Annual Meeting.

The Board of Directors shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business at least once per year, at a time fixed by the Board of Directors.

Section 7. Other Regular Meetings.

Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings, if the time thereof has been so fixed, may be held without notice.

Section 8. Special Meetings.

Special meetings of the Board for any purpose or purposes may be called at any time by the Board, the President, the Secretary or any two Directors. Special meetings shall be held upon three days' written notice (72 hours' notice) given personally or by telephone, telegraph, telex, facsimile, or other similar means, addressed or delivered to each Director as appears on the records of the Association or as may have been designated by the Directors for purposes of notice.

Section 9. Quorum.

Any majority of the authorized number of Directors constitutes a quorum for the transaction of business, except to adjourn as provided in Section 11 of this Article. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present shall be regarded as an act of the Board.

Section 10. Waiver of Notice.

The transactions of any meeting of the Board, however called and noticed or wherever held, are as valid as though a meeting had been duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the Corporate records or made part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement, the lack of notice to the Director.

Section 11. Adjournment.

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 12. Notice of Adjournment.

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 8 of this Article III to the Directors who were not present at the time of the adjournment.

Section 13. Action Without Meeting.

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors and shall be filed with the minutes.

Section 14. Committees.

The Board may designate one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the authority of the Board, except with respect to:

1. The filing of vacancies on the Board or on any committee;
2. The fixing of compensation of the Directors for serving on the Board or any committee;
3. The amendment or repeal of bylaws or adoption of new bylaws;
4. The amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
5. The appointment of any other committees of the Board or the members thereof.

ARTICLE IV

OFFICERS

Section 1. Officers.

The Officers of the Association shall be a President, a Secretary and a Chief Financial Officer. The Association may also have, at the discretion of the Board of Directors, a Chair of the Board, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other Officers as may be appointed in accordance with the provisions of Section 3 of this Article. Any number of offices may be held by the same person, except that the same person shall not simultaneously hold the offices of President and Secretary.

Section 2. Election of Officers.

The Officers of the Association, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen by the Board of Directors, and shall serve at the pleasure of the Board, subject to the rights, if any, of an Officer under any contract of employment.

Section 3. Subordinate Officers.

The Board may appoint, and may empower the President to appoint, such other Officers as the business of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the bylaws or as the Board may from time to time determine.

Section 4. Removal and Resignation of Officers.

Without prejudice to the rights, if any, under contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors or, except in case of an Officer chosen by the Board of Directors, by any Officer upon whom such power of removal may be conferred by the Board.

Any Officer may resign at any time by giving written notice to the Association. Any resignation shall take effect at the date of the receipt of the notice or at any later time specified in that notice; and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Association under any contract to which the Officer is a party.

Section 5. Vacancies in Offices.

A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these bylaws for regular appointments to that office.

Section 6. Chair of the Board.

The Chair of the Board, if such an Officer be elected, shall, if present, preside at meetings of the Board and exercise and perform such powers and duties as may from time to time be assigned to him or her by the Board. If there is no President, the Chair of the Board shall in addition be the Chief Executive Officer of the Association and shall have the powers and duties prescribed in Section 7 of this Article.

Section 7. President.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chair of the Board, if there be such an Officer, the President is the General Manager and Chief Executive Officer of the Association and, subject to the control of the business and the Officers of the Association. He or she shall preside at all meetings of the shareholders and, in the absence of the Chair of the Board, or if there be none, at all meetings of the Board. He or she shall have the general powers and duties of management usually vested in the office of President of a Association, and shall have such other powers and duties as may be prescribed by the Board.

Section 8. Vice Presidents.

In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, and when so acting shall have all powers of, and be subject to all the restrictions upon the President. The Vice President

shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors.

Section 9. Secretary.

The Secretary shall keep and cause to be kept at the principal executive office and at such other place as the Board may direct, a copy of the bylaws and book of minutes of all meetings of Directors, and committees of Directors. Minutes of meetings shall reflect the time and place of holding, whether regular or special, (and, if special, how authorized), the notice given, the names of those present, and a description of all proceedings.

The Secretary shall give, or cause to be given, notice of all meetings of the Board required by the bylaws or by law to be given, and the Secretary shall keep such other records and perform such other duties as may be prescribed by the Board of Directors.

Section 10. Chief Financial Officer.

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Association, and shall send or cause to be sent to the Directors such financial statements as are required by laws or these bylaws.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designed by the Board, shall render to the President and Directors, whenever they request it, and shall account for all transactions as Chief Financial Officer and of the financial condition of the Association, and shall have such other powers and shall perform such other duties as may be prescribed by the Board of Directors.

The Chief Financial Officer shall, unless otherwise designated by the Board, be the Treasurer of the Association as well.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

The Association shall have the power, to the maximum extent permitted by New Mexico Corporation Law, to indemnify each of its agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an agent of the Association. For purposes of this Section, an "agent" of the Association includes any person who is or was a Director, Officer, employee, or other agent of the Association, or

is or was serving at the request of another corporation, partnership, joint venture, trust, or other enterprises, or was a director, officer employee, or agent of a corporation which was a predecessor corporation.

ARTICLE VI

RECORDS AND REPORTS

Section 1. Maintenance and Inspection of Other Corporate Records.

The accounting books and records and minutes of the proceedings of the Board of directors and any committee or committees of the Board shall be kept at such place or places designated by the Board or, in the absence of such designation, at the principal executive office of the Association. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand of any member of the Board of Directors. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

Section 2. Inspection by Directors.

Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Association. This inspection by a Director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

ARTICLE VII

ASSESSMENTS

Section 1. Time for Payment.

Pursuant to the Condominium Declaration, the Association sets annual assessments and determines whether the same shall be payable annually or otherwise. The Association hereby determines that assessments shall be payable monthly, until changed by a duly adopted resolution of the Board.

Section 2. Policy Regarding Enforcement.

It is the policy of the Association vigorously to enforce the obligations of Owners to pay assessments as and when due, in full. It is unfair to Owners who timely pay their assessments in full for the Association to grant extensions or otherwise to relax the

requirements for timely payment of assessments. The Association will vigorously enforce its lien rights against delinquent Owners by recording Notices of Default whenever assessments are not paid within a reasonable time after their due date, by adding interest, late charges, and attorney's fees as authorized by the Condominium Declaration and by law, and by promptly initiating legal action to foreclose such liens which remain delinquent.

ARTICLE VIII

GENERAL CORPORATE MATTERS

Section 1. Checks, Drafts, Evidences of Indebtedness.

All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by the Board of Directors.

Section 2. Corporate Contracts and Instruments; How Executed.

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association, and this authority may be general or confined to specific instances; and, unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purposes or for any account.

Section 3. Representation of Shares or Other Corporations.

The Chair of the Board, the President, or Vice President, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated officers, is authorized to vote on behalf of the Association any and all shares of any other corporation or corporations, foreign or domestic, standing in the name of the Association. The authority granted to these officers to vote or represent on behalf of the Association any and all shares held by the Association in any other corporation or corporations may be exercised by any of these officers in person or by any person authorized to do so by a proxy executed by these officers.

Section 4. Construction and Definitions.

Reference in these Bylaws to the "New Mexico Corporations Law" shall mean the New Mexico Non-Profit Corporation Act, 53-8-1 et seq., NMSA 1978, and where appropriate, the New Mexico Business Corporation Act, 53-11-1, et seq., NMSA 1978.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the New Mexico Non-Profit Corporation Act and the New Mexico Business Corporation Act, shall govern the construction of these Bylaws. Without limiting the generality of this provision, the term "person" includes both a corporation and a natural person.

ARTICLE IX

AMENDMENTS

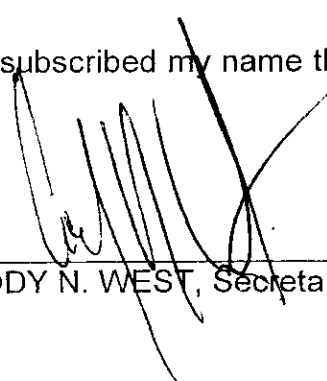
These Bylaws, including a bylaw or an amendment of a bylaw changing the authorized number of Directors, may be adopted, amended, or repealed by the Board of Directors.

CERTIFICATE OF SECRETARY

I, the undersigned do hereby certify:

1. That I am the duly elected and acting secretary of 609 ZUNI CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC., incorporated under the laws of the State of New Mexico; and
2. That the foregoing Bylaws, comprising eleven (11) pages, including this page, constitute the original Bylaws of said Association as duly adopted by action of the Board of Directors of the Association duly taken on 6/4, 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 8 day of AUGUST, 2004.



CODY N. WEST, Secretary

Exhibit "3"
To
Condominium Declaration
For
609 Zuni Condominiums

* * *
PLAT OF SURVEY

CC0376

Lot 3, Block 26 of the Randall Subdivision, within the Fernando de Taos Grant, in Taos, Taos County, New Mexico.

000377

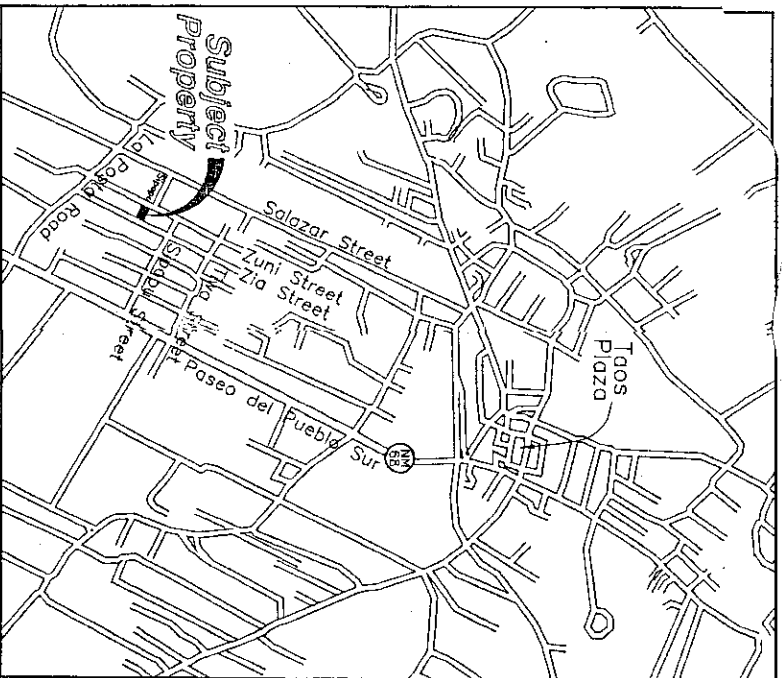
Lot 3, Block 26 of the Randall Subdivision

A tract of land within the Fernando de Taos Grant, in Taos, Taos County, New Mexico, being Lot 3, Block 26, of the Randall Subdivision, shown on the Taos County Property ID Maps in Projected Section 17, Township 25 North, Range 13 East, NMPM, described as part of Tract 139, Map 21, Survey 2 of the 1941 Taos County Reassessment Survey, and more particularly described as follows:

BEGINNING at the NE corner of this tract, a 1/2" rebar found on the westerly right-of-way of Zia Street, from whence "Bosque," a 1973 State Engineers Office brass cap monument found, bears S 29° 32' 33" E, 9140.79 ft. distant, thence along said right-of-way:

S 26° 46' 37" W, 99.13 ft. to the SE corner of this tract, a 1/2" rebar found thence leaving said right-of-way;
N 63° 25' 52" W, 133.74 ft. to the SW corner of this tract, a 1/2" rebar found on the easterly right-of-way of Zuni Street, thence along said right-of-way;
N 28° 30' 46" E, 99.17 ft. the NW corner of this tract, a 1/2" rebar found, thence leaving said right-of-way
S 63° 24' 50" E, 134.20 ft. to the POINT OF BEGINNING.

This tract contains 13,283 sq. ft. or 0.305 acre more or less, as shown on Red Tail Surveying, Inc. plat no. 1023.01, entitled Cody West 609 Zuni Street Condos, dated 3 May 2004, prepared by Robert A. Walt, NMPM #11770.



Vicinity Map
(Not To Scale)

SURVEYOR'S NOTES

1. This survey is a compilation of information provided or found in a public record. There may be other documents specifying easements, restrictions, covenants or codes that were not provided or are not known at the time of the preparation of this plat.
2. Due to lack of accurate description, Taos County Reassessment Tract information shown is approximate.
3. For current zoning contact the Town of Taos Planning and Zoning Dept.
4. Minimum building setback requirements for R-14 zoning according to the Town of Taos Land Use Development Code, Ordinance No. 99-05 section 4-126 are:
Front yard 20.0' from front property line.
Side yards 7.0' from side property line.
Rear yard 15.0' from rear property line.
5. The location for buried utility lines shown are based on design plans, not actual location subsequent to installation. No certification is made by this surveyor as to the accuracy of these utility line locations. Always verify utility line locations before digging. All units, Limited Common Elements and Common Elements are subject to easements as needed for the repair and or servicing of utility lines on this property.

BEARING AND ELEVATION BASE

Bearings in this survey are based on calculated geodetic bearing between State Engineer Office monuments "Bosque" and "Arrial".
Elevations are based on an assumed datum of 6894.03 for a 1/2" rebar found on the westerly corner of the subject tract.

Red Tail Surveying, Inc.
Complete Surveying and
Earth Information Services
314 North Pueblo Road, Suite D
Taos, New Mexico 87571-5910
505.758.7441 800.579.6373
E-mail: redtail@redtail.org

CONDOMINIUM SURVEY

Current owner: Cody West

Projected Section 17, T 25 N, R 13 E, NMPM

Condominium survey prepared for:
Cody West
609 Zuni Street
Condos

Sheet 1 of 4

Drawn By: JRD Checked By: Robert Walt Date: 03 May 2004 Scale: NTS Job no.: 1023

03 May 2004

Date

Robert A. Walt, NMPM #11770

I, Robert A. Walt, a New Mexico Registered Professional Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plat meet the Minimum Standards for Surveying in New Mexico.
I further certify that this is a condominium survey conforming to the requirements of 547-7B-9 of the New Mexico Condominium Act, NMSA 1978.

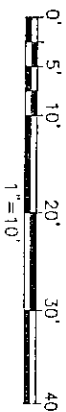
Robert A. Walt

Lot 3, Block 26 of the Randall Subdivision,
within the Fernando de Taos Grant, in Taos, Taos County, New Mexico.

660376

LEGEND

- CO SEWER CLEANOUT
 - WP WATER SPICOT
 - ⊗ POWER POLE
 - BUILDING SETBACK LINE
 - FENCE
 - P--- OVERHEAD POWER LINE
 - ⊠ ELECTRIC SERVICE PANEL
 - ⊕ ACCESS TO WATER TREATMENT SYSTEM
 - ⊞ LIMITED COMMON ELEMENT
- Areas on subject property not specified by hatch type or unit number are common elements.



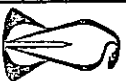
Sheet 2 of 4

CONDOMINIUM SURVEY

Current owner: Cody West

Projected Section 17, T. 25 N., R. 13 E., NMP

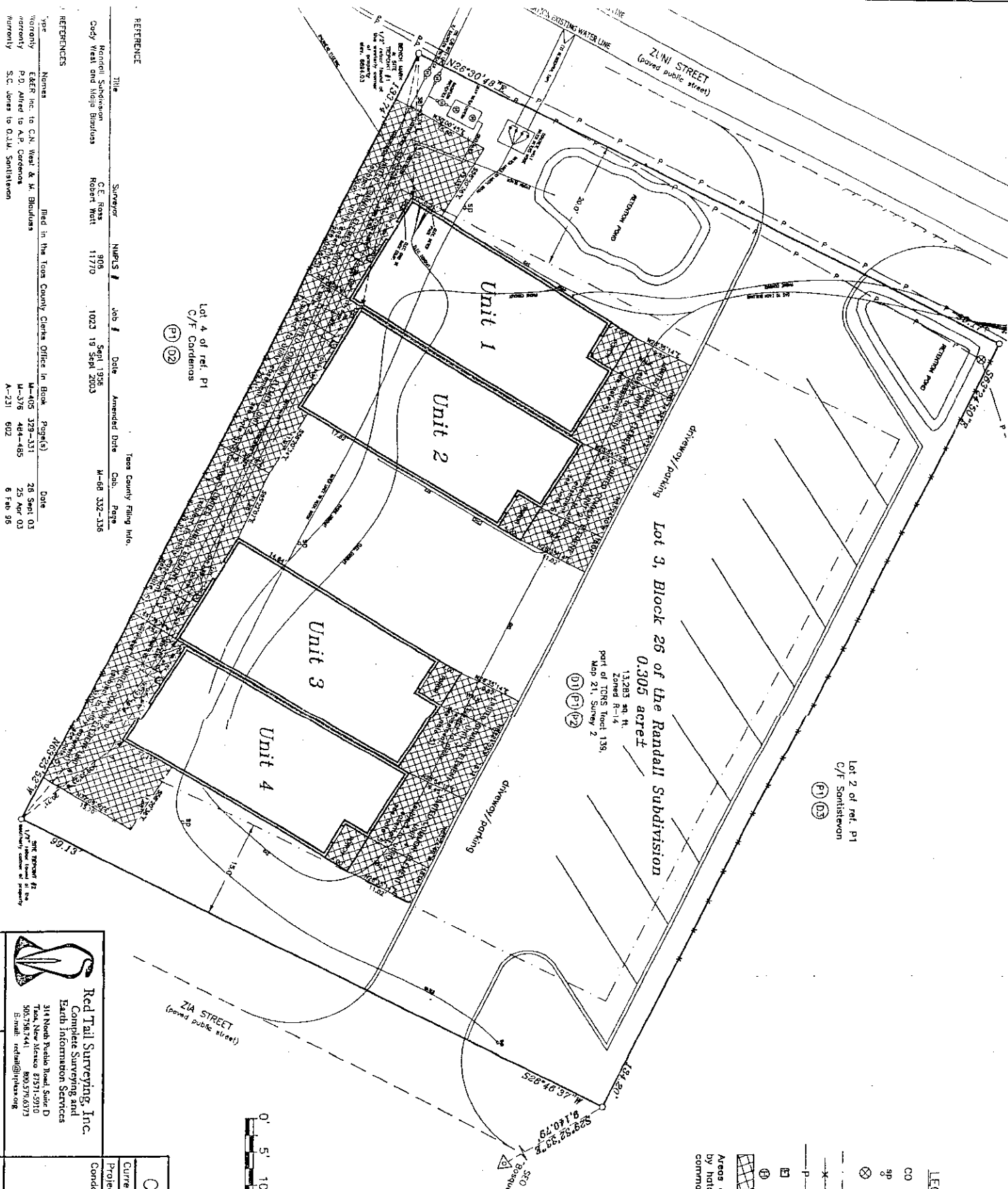
Condominium survey prepared for:
Cody West
609 Zuni Street
Overall Plat



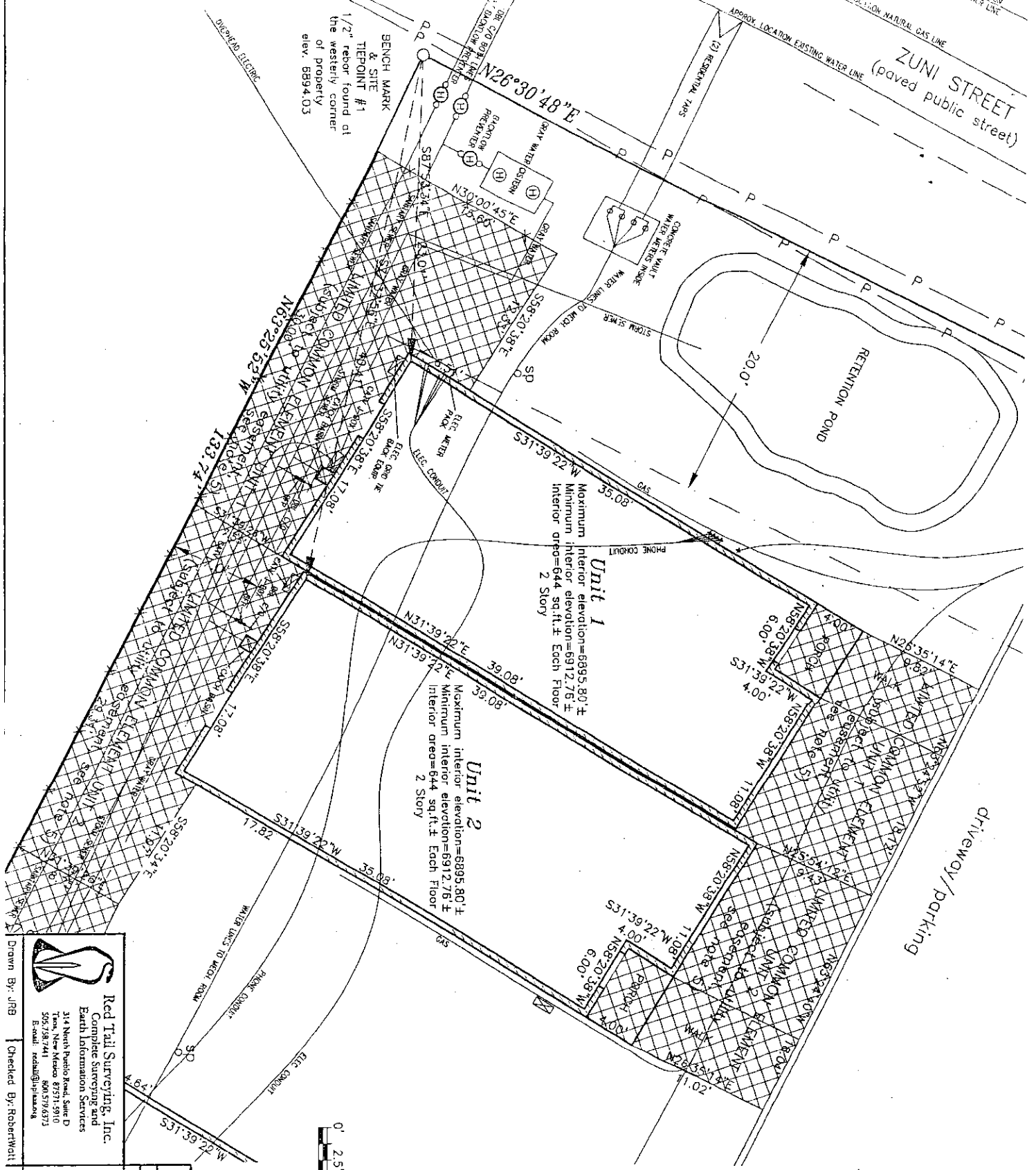
Red Tail Surveying, Inc.
Complete Surveying and
Earth Information Services
314 North Pueblo Road, Suite D
Taos, New Mexico 87571-5910
505.358.7441 800.379.6373
E-mail: redtail@redtail.org

REFERENCE			
Title	Surveyor	NAPRS #	Job #
Randall Subdivision	C.E. Ross	906	11770
Cody West and Neigie Brindusa	Robert Mott	11770	1023
Filed in the Taos County Clerk's Office in Book Page(s)			
M-405 379-331			
M-376 444-465			
A-231 602			
DATE			
26 Sept 03			
25 Apr 02			
6 Feb 95			

REFERENCES			
App	Notes	Filed in the Taos County Clerk's Office in Book Page(s)	Date
Warranty	EXER Inc. to C.N. West & M. Brindusa	M-405 379-331	26 Sept 03
Warranty	P.D. Affid to A.P. Cordova	M-376 444-465	25 Apr 02
Warranty	S.C. Jones to O.L.K. Santistevan	A-231 602	6 Feb 95



Lot 3, Block 26 of the Randall Subdivision,
within the Fernando de Taos Grant, in Taos, Taos County, New Mexico.

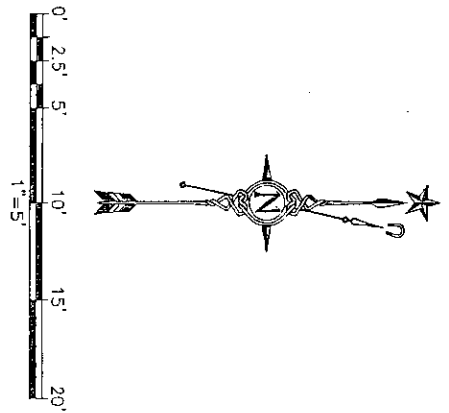


Red Tail Surveying, Inc.
Complete Surveying and Earth Information Services
314 North Pueblo Road, Suite D
Taos, New Mexico 87715-8910
505.787.7441
Email: redtail@redtailsurveying.com

CONDOMINIUM SURVEY
Current owner: Cody West
Projected Section 17, T 25 N, R 13 E, NMPM
Condominium survey prepared for:
Cody West
609 Zuni Street
Unit 1 & 2

Drawn By: JRB | Checked By: Robert Wall | Date: 03 May 2004 | Scale: 1"=5' | Job no.: 10230

Sheet 3 of 4



000380

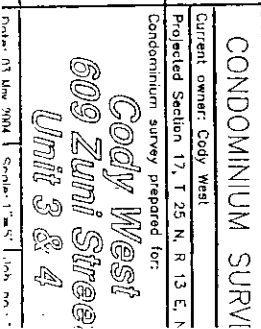


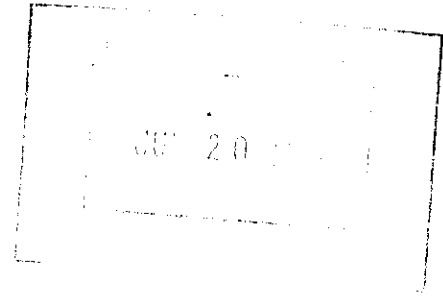
Exhibit "4"
To
Condominium Declaration
For
609 Zuni Condominiums

* * *

ARTICLES OF INCORPORATION
OF
609 ZUNI CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC.

 COPY

ARTICLES OF INCORPORATION
OF
609 ZUNI CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC.
A New Mexico Non-Profit Corporation



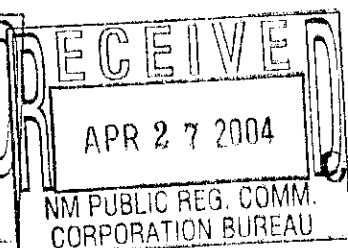
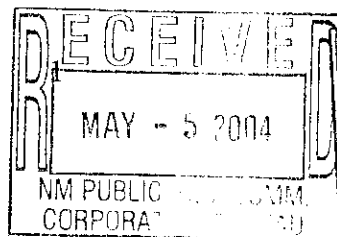
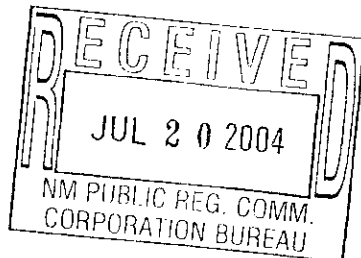
ARTICLE I. Name. The name of this Corporation is:

**609 ZUNI CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE II. Duration. The existence of the corporation shall be perpetual.

ARTICLE III. Purposes. The purposes of this corporation are to own and manage the common areas and facilities of 609 Zuni Condominiums; to furnish fire and extended risk insurance coverage for the benefit of condominium unit owners; to make reasonable regulations with respect to the common areas of 609 Zuni Condominiums, for the mutual benefit of unit owners; to have all the rights and duties of the Association as described in the Condominium Declaration for 609 Zuni Condominiums; unless restricted by said Declaration or the By-Laws of the corporation, to perform all the functions and services customarily performed by condominium owners associations; and to engage in any and all related activities permitted by law.

ARTICLE IV. Members. Each owner of a condominium unit in 609 Zuni Condominiums shall be a member of this association. No person who is not an owner of



000382

a condominium unit shall be a member of this association.

ARTICLE V. Registered Office and Agent. The initial registered office of the Corporation is 324 Spruce Lane, Taos, New Mexico 87571. The initial registered agent at that address is CODY N. WEST.

ARTICLE VI. Initial Directors. The initial Board of Directors shall have three members, whose names and addresses are:

CODY N. WEST
P.O. Box 1271
Taos, NM 87571

DEAN WEST
P.O. Box 1271
Taos, NM 87571

JAMES COX
P.O. Box 1271
Taos, NM 87571

The Initial Directors shall serve as directors until the first annual meeting of members, or until the initial directors' successors are elected and qualified, whichever is later.

ARTICLE VII. Incorporator. The name and address of the Incorporator are as follows: Four Condos in Taos, LLC, by Backseat Investments, LLC, P.O. Box 1271, Taos, NM 87571, its Managing Member.

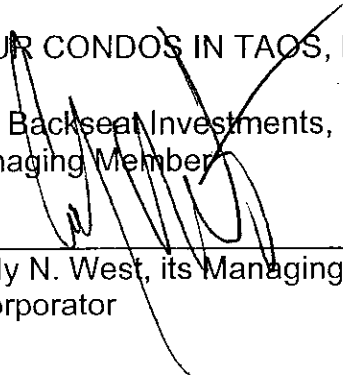
ARTICLE VIII. Limitation on Liability of Directors. A member of the Board of Directors of this Corporation shall not be personally liable to the Corporation or its

members for monetary damages for breach of fiduciary duty as a director unless: (1) the Director has breached or failed to perform the duties of the director's office in violation of Section 53-8-25.1 NMSA 1978; and (2) the breach or failure to perform constitutes willful misconduct or recklessness.

Date: April 23, 2004

FOUR CONDOS IN TAOS, LLC

By: Backseat Investments, LLC, its
Managing Member

By: 
Cody N. West, its Managing Member,
incorporator

BUYER(S): _____

UNIT NO: _____

TITLE COMPANY: _____

**RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)
-AND-**

AGREEMENT OF PURCHASE AND SALE OF CONDOMINIUM UNIT

609 ZUNI CONDOMINIUMS

FOUR CONDOS IN TAOS, LLC, a New Mexico limited liability company, herein called "Seller," and the person or persons named above as "Buyer," agree as follows:

1. **Reservation.** Subject to Seller's acceptance, Buyer hereby reserves and offers to purchase Unit No. _____, 609 Zuni Condominiums, 609 Zuni Street, Taos, New Mexico (the "Unit"), on the terms and conditions of this Agreement. The Unit and all appurtenant rights to use Common Elements and Limited Common Elements, and one membership in the 609 Zuni Condominiums Homeowners Association, Inc., are collectively referred to in this Agreement as the "Property." The Seller will sell and Buyer will purchase the Property on the terms and conditions of this Agreement.

2. **Purchase Price.** The purchase price for the Property is \$ _____.

3. **Payment Terms.** The purchase price is payable as follows:

a. **Earnest Money Deposit:** \$ _____, in the form of Buyer's good check as a deposit to be applied toward the purchase price ("Earnest Money"). Seller shall not cash or deposit the check until Seller accepts all the terms and conditions of this Reservation. Upon acceptance, Seller shall deposit the Earnest Money only in a separate account maintained by a mutually agreed third-party depository in accordance with New Mexico law. At Closing, Seller shall be entitled to unrestricted use of the Earnest Money. Except as otherwise agreed and permitted by law, Buyer shall be entitled to a full refund of the Earnest Money if Buyer elects to terminate this Agreement as provided below.

b. **Cash at Closing (Down Payment):** \$ _____, including the above earnest money deposit, plus an additional deposit of \$ _____, plus Buyer's share of closing costs.

c. **Cash from Buyer's New Loans:** \$ _____

4. **Condominium Documents.** Seller shall deliver to Buyer, as required by law: the Declaration of Condominium (with reduced size copies of the plats), the bylaws of the owners' association, any rules and regulations of the association, and the Condominium

Buyer's Initials: _____

Seller's Initials: _____

CG0385

RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)

Page 2

Disclosure Statement with all required attachments.

5. **Objections; Termination.** Buyer has seven days from the date of receipt of the Condominium Documents ("Buyer's objections period") to object in writing to any matter disclosed, and to terminate this Agreement. Buyer's election to terminate must be in writing, delivered to Seller by hand delivery, or by U.S. mail. The Earnest Money will be returned to Buyer upon termination. Failure to object timely in writing will constitute a waiver of this right to object and terminate.

6. **Contingency of Buyer's Financing.** Seller's and Buyer's obligations under this Agreement are contingent upon Buyer's obtaining a mortgage loan satisfactory to Buyer, in the principal amount of not more than the amount specified in Section 3 c, above, plus borrower's costs customarily deducted from the gross amount of real estate mortgage loans, bearing interest at not more than 10%, and repayable over a term of not less than 5 years. Buyer will diligently apply for said loan, including furnishing the lender or its agents with Buyer's tax returns, verification of employment, verification of down payment, and any other information reasonably requested by the lender. Buyer will submit Buyer's completed loan application within 5 days from execution of this agreement by all parties or within 5 days from the end of the period of buyer's objections as provided in Section 5. This contingency will be deemed satisfied and released unless Buyer provides Seller with a written rejection of Buyer's loan application, within thirty-five (35) days from the end of Buyer's objection period. Seller shall be entitled to information about the status of Buyer's loan application at any time upon request. Buyer will notify Buyer's lender and arrange for appropriate authorization so that Seller can obtain information about the status of Buyer's loan by telephone directly from Buyer's lender or loan broker.

7. **Rights of Tenants In Possession; Delivery of Possession to Buyer.** Seller's and Buyer's obligations under this Agreement are contingent upon the rights of any tenant now in possession, including any right of the tenant to purchase the Property until such right expires unexercised or is waived in writing. Nothing in this Section shall relieve Seller of the obligation to deliver possession of the Property to the Buyer at Closing free of any claims of any tenant.

8. **Closing.** This transaction will close at the Title Company as title insurance agent and closing agent. The closing shall be as soon as the Title Company is prepared to issue its policy of title insurance as provided in Section 9, below, but not sooner than thirty (30) days, and not later than sixty (60) days, from the end of Buyer's objections period, or such other time as may be agreed upon in writing by Buyer and Seller. Seller will deposit Seller's share of closing costs before the Closing.

9. **Title.** After execution of this Agreement by all parties, the parties shall deliver a copy of this Agreement to the Title Company, and shall order a preliminary title report/title binder ("Report"). Buyer will have five days from receipt of the Report (or five days from

Buyer's Initials: _____

Seller's Initials: _____

CC0386

RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)
Page 3

execution of this Agreement, whichever is later) to examine the title of the Property and to object in writing to any item on the Report. Buyer shall be deemed to accept all items on the Report not so objected to. If Seller is unable to remove any such exception before Closing, Seller shall provide written notice to Buyer within five days after service on Seller of Buyer's objections, identifying the items which Seller is unable to remove. Except for items so identified by Seller, Seller shall remove all items objected to by Buyer. If Seller notifies Buyer that Seller is unable to remove any such objectionable items, Buyer may choose to close subject to such exceptions, or to terminate this Agreement, in which event the entire deposit shall be returned to Buyer, and neither party shall have further obligations under this Agreement. In the event the Title Company amends its Report, except for an amendment solely for the purpose of deleting an item previously objected to, Buyer shall have a like period to review and object to the amended Report, and Seller shall have a like period to respond, as provided above.

Seller shall satisfy any assessments and liens, including but not limited to all mechanics' and materialmen's liens of record prior to closing, and shall indemnify and hold Buyer harmless from any liens filed of record after Closing and which arise out of any claim related to the providing of materials or services to improve the property as authorized by Seller or Seller's agents, unless otherwise agreed to by the parties in writing.

Seller shall convey the Property, subject to any matters identified in the Report and not objected to by Buyer as provided above, by Warranty Deeds vesting title in Buyer or Buyer's Assignees subject to the Mortgage.

Seller will furnish Buyer with an ALTA standard form owner's policy of title of insurance, issued by the Title Company, showing evidence of good and merchantable title to the property, insuring Buyer in the amount of the purchase price.

10. **Prorations.** Homeowners' Association dues shall be prorated to the last day of the calendar month in which the Closing occurs, buyer to begin paying dues for the next full month.

11. **Closing Costs.** All closing costs incurred in connection with this transaction shall be paid as follows:

a. Seller will be charged with the costs of any lien releases, owner's title policy excluding additional premiums for deletions of standard exceptions, and any existing mortgage prepayments;

b. Buyer will be charged with fees for recording the Mortgage, including loan fees, cost of the title binder, and additional premiums for deletion of exceptions;

c. Seller and Buyer shall each be charged with one-half of closing agent's

Buyer's Initials: _____

Seller's Initials: _____

000387

RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)

Page 4

closing fees. Any other closing costs not specifically provided for in this Agreement shall be paid by Buyer or Seller or split, as is customary in Taos, New Mexico.

12. **Inspections.** Buyer shall, at Buyer's expense, conduct any inspections that Buyer desires of the Property. Buyer shall order each such inspection desired by Buyer within five days of the end of Buyer's objection period, and shall require that each inspector provide a written report to each party within ten days after the inspection is ordered. Buyer shall have five days from receipt of each written inspection report to object in writing to any items. If no objection is served on Seller within such time, that contingency shall be deemed removed. If Buyer objects to the results of any inspection, Buyer may elect to purchase the property as is, or may elect to terminate this Agreement, in which event Buyer shall be entitled to a refund of Buyer's entire deposit, and neither party shall have any further obligation under this Agreement.

13. **Further Agreements.** Each party will promptly execute each other document or agreement which is reasonably necessary to carry out the intent of this Agreement.

14. **Brokers.** Seller has been represented in this transaction by Paula West of Taos Valley Real Estate, a licensed New Mexico real estate broker; Seller will be responsible for paying commissions to the broker as provided in the listing agreement between Seller and Seller's Broker. Buyer has been represented in this transaction by the Broker(s) identified after Buyer's signature below, if any, each of whom is a licensed New Mexico real estate broker or agent; Seller will be responsible for paying commissions to Seller's Broker for division with Buyer's Broker in accordance with the Brokers' agreement, if any, or requirements of Taos County Board of Relators Multiple Listing Service rules. Except as just provided, each party represents and warrants that no real estate broker, agent, or finder has been involved in this transaction, or has any right to any commission or fee for this transaction. Each party will indemnify and hold the other party harmless from any claims, demands, or liability whatsoever arising out of the claim by any broker, agent, or finder for a commission or fee arising out of alleged representation of, agreement with, or services rendered to the indemnifying party.

15. **Risk of Loss.** Prior to closing, risk of fire or other casualties will be on the Seller, and in the event of loss, Buyer shall have the option to cancel this Agreement, in which event Buyer shall receive a refund of his entire deposit, and neither party shall have further obligations to the other under this Agreement. In the event that Buyer elects to close, Seller shall assign to Buyer a share (prorated by square footage) of Seller's portion of any insurance proceeds covering the fire or other casualty.

16. **Default.** Time is of the essence of this Agreement. If any payment or other condition hereof is not tendered or performed by either Seller or Buyer as required, then this Agreement may be terminated at the option of the party who is not in default. In the event of such default by Seller, and Buyer elects to treat this Agreement as terminated, the

Buyer's Initials: _____

Seller's Initials: _____

000333

RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)

Page 5

entire deposit shall be refunded to Buyer, and Buyer shall have no further rights under this Agreement. In the event of default by Buyer, and Seller elects to treat this Agreement as terminated, Seller shall retain the deposit as his sole remedy. In the event, however, that the non-defaulting party elects to treat this Agreement as being in full force and effect, the non-defaulting party shall have the right to a claim for specific performance, damages, and any other lawful relief.

17. **Entire Agreement.** This Agreement, together with all attachments, constitutes the entire agreement of the parties with respect to the purchase of the Property, and supersedes all prior agreements or representations with respect to the subject matter hereof which are not expressly set forth herein. This Agreement may be modified only by a writing signed and dated by both parties.

18. **Governing Law.** This Agreement shall be interpreted in accordance with the laws of the State of New Mexico.

19. **Notices.** Any notice which is required or permitted by this Agreement, shall be given in writing, and shall be served on the other party either by personal delivery, or by first class mail postage prepaid and delivered to the party at his address noted by the party's signature below, and with a copy to the Title Company and a copy to Seller's Broker. A notice is deemed served upon receipt if personally delivered and 72 hours after deposit into the mail if mailed. Any party may change his or her address for notices by serving a notice of the change in the manner prescribed in this paragraph.

20. **Survival.** This Agreement, to the extent necessary to carry out its terms, shall survive the Closing hereunder.

21. **Attorneys.** Each party shall bear his or her own attorney fees in connection with this transaction. In the event of any dispute arising out of the subject matter of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees in addition to all other lawful relief.

22. **Binding on Successors.** This agreement binds and benefits the parties' personal representative, heirs, devisees, successors, and assigns.

23. **Acceptance.** When this agreement has been fully executed by all Buyers, and delivered to the Seller's Broker it shall be open for acceptance by the Seller until 5 PM on the third full day, excluding Saturdays, Sundays, and legal holidays, after delivery to Seller's Broker, and if not accepted during that period it shall expire.

"BUYER"

Signature: _____

Date: _____ Time: _____, ____ M (MT)

Print Name: _____

CC0389

RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)
Page 6

Street: _____ Apt/Unit _____
City or Town: _____
State, Zip/Postal Code/ Country _____
Telephone: _____ Fax: _____

BUYER'S BROKER:

Signature: _____

Print Name: _____

Firm Name: _____

Mailing Address: _____

Tel: _____

Fax: _____

Buyer's Initials: _____

Seller's Initials: _____

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RESIDENTIAL CONDOMINIUM RESERVATION (For Completed Unit)
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Seller accepts the foregoing offer and Reservation.

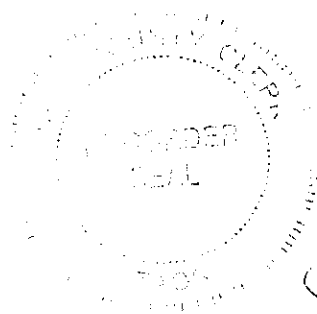
"SELLER"

FOUR CONDOS IN TAOS, LLC, a New Mexico limited liability company,

By: _____
Cody N. West, Managing Member
P.O. Box 1271
Taos, New Mexico 87571
Tel: 505-751-7530

SELLER'S BROKER: Taos Valley Real Estate

By: _____
Paula West
P.O. Box 1167
Taos, NM 87571
Tel: 505-751-1898
Fax: 505-737-9015



COUNTY OF TAOS)CS
STATE OF NEW MEXICO)

I hereby certify that this instrument was filed
for record on the 4th day of July A.D.
2004 at 9:52:38 o'clock A.m.
and was duly recorded in book M-451
332-391 in the records of Taos County,
New Mexico. I am a Notary Public in and for the State of New Mexico.
[Signature] Notary Public
Taos County, N.M.

Buyer's Initials: _____

Seller's Initials: _____

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