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SILVER TOWNHOUSE (A CONDOMINIUM)

BYLAWS

ARTICLE I Plan of Unit Ownership

Section 1. Applicability.

These Bylaws provide for governance of the condominium pursuant to the requirements of Section 7C-6 of the Condominium Act. The Property, located in Bernalillo County, New Mexico, and more particularly described in the Declaration, has been submitted to the provisions of the Condominium Act by recordation of the Declaration among the land records of Bernalillo County, in Deed Book MS 193A DOC#434 at Page 254

Section 2. Compliance

Pursuant to the provisions of Section 7C-2 of the Condominium Act, every Unit Owner and all those entitled to occupy a Unit shall comply with these Bylaws.

Section 3. Office

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Office. The office of the Condominium, the Unit Owners Association the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

ARTICLE II Unit Owners' Association

Section 1. Composition

The Unit Owners' Association shall consist of a New Mexico corporation not-for-profit The Unit Owners' Association shall have the responsibility of administering the condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Unit Owners' Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be performed by the vote of the Unit Owners' Association, the foregoing responsibilities shall be performed by the Board of Directors or managing Agent as more particularly set forth in Article III of these Bylaws.

Section 2. First Meetings and Annual Meetings.

Within sixty (60) days of the time that five units have been conveyed by the Declarant, the Declarant shall call an initial meeting of Unit Owners, at which time the Declarant shall appoint two members of the Board and the Unit Owners shall elect the third member. Until such time, the Declarant shall exercise all powers of the Board of Directors.

The subsequent annual meetings of the Unit Owners' Association shall be held on the 15th day of September of each year (or seventy-five days before the beginning of the fiscal year), unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the succeeding Monday. At such annual meetings the Board of Directors shall be elected by ballot of the Unit owners in accordance with the requirements of Section 4 of Article III of these Bylaws. So long as the Declarant shall own Units representing more than twenty-five percent (25%) or more of the units which may be created pursuant to the declaration (but in no event after the expiration of the maximum time by Section 7C-3 of the Condominium Act), the Declarant shall be entitled to designate at least two (2) members of the Board of Directors who shall serve for the shortest term.

Section 3. Place of Meeting.

Meetings of the unit Owners' Association shall be held at the principal office of the Unit Owners' Association or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Directors.

Section 4. Special Meeting

The President shall call a special meeting of the Unit Owners' Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by Unit Owners of not less than twenty percent (20%) of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

On the earlier of

a day within one hundred eighty (180) days after deeds of conveyance of Units representing over seventy five percent (75%) of the units which may be created pursuant to the Declaration shall have been delivered to Unit Owners by the Declarant or

the expiration of the maximum time permitted by Section 7C-3 of the Condominium Act, or

thirty (30) days after written notice by Declarant, a special meeting of the

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Unit Owners' Association shall be held at which all of the members of the Board of Directors designated by the Declarant shall resign, and the unit owners, including the Declarant if the Declarant owns one or more Units, shall thereupon elect successor members of the Board of Directors to act in the place and stead of those resigning.

Section 5. Notice of Meetings

The Secretary shall mail or hand deliver personally or to the residence of each Unit owner a notice of each meeting of the Unit Owners at least ten (10) but not more than sixty (60) days prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 1 of Article XI of the Bylaws shall be considered service of notice.

Section 6. Adjournment of Meetings

If at any meeting of the Unit Owners' Association a quorum is not present, Unit owners of a majority of the percentage Interests who are present at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours after the time the original meeting was called.

Section 7. Order of Business

The order of business of all meetings of the Unit owners' Association shall be as follows:

- Roll call;
- Proof of notice of meeting;
- Reading of minutes of proceeding meeting;
- Reports of officers;
- Report of Board of Directors;
- Reports of committees;
- Election of members of the Board of Directors (when so required);
- Unfinished business;
- New Business

Section 8. Title to Units

Title to a Unit may be taken in the name of one or more persons, in any manner permitted by law. The Unit Owners' Association may acquire, hold and transfer full legal title to one or more condominium Units in the condominium in its own name.

Section 9. Voting

Voting at all meetings of the Unit Owners' Association shall be on a percentage basis and the percentages of the vote to which each Unit Owner is entitled shall be the voting Interest assigned to his Unit in the Declaration. Where the ownership of a Unit is in more than one person, the person who shall be entitled to cast the vote of such Unit shall be the person named in a certificate executed by all of the owners of such Unit and filed with the Secretary or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such Unit shall be the person owning such Unit who is present. If more than one person owning such Unit is present then such vote shall be cast only in accordance with the agreement of a majority of them pursuant to Section 7C-13 of the Condominium Act. Such certificate shall be valid until revoked by a subsequent certificate similarly executed. Except where a greater number is required by the Condominium Act, the Declaration or these Bylaws, a majority of the votes cast, in person or by proxy at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Unit Owners' Association. If the Declarant owns or holds title to one or more Units, the Declarant shall have the right at any meeting of the Unit

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Owners' Association to cast the votes to which such Unit or Units are entitled No Unit Owners may vote at any meeting of the Unit Owners' Association or be elected to or serve on the Board of Directors if the Unit Owners' Association has perfected a lien against his Unit and the amount necessary to release such lien has not been paid at the time of such meeting or election.

Section 10. Proxies

A vote may be cast in person or by proxy. Such proxy may be granted by any Unit owner in favor of only another Unit Owner, a Mortgagee or the Declarant Proxies shall be duly executed in writing, and shall be valid only for the particular meeting or meetings designated therein. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Unit, no proxy shall in any event by valid for a period in excess of one year after the execution thereof.

Section 11. Quorum

Except as otherwise provided in these Bylaws, the presence in person or by proxy of Unit owners of fifty percent (50%) or more of the votes in the Association shall constitute a quorum at all meetings of the Unit Owners' Association. A vote for a Unit owned by more than one person may be represented by the presence of one or more of such owners.

Section 12. Conduct of Meetings

The President shall preside over all meetings of the Unit owners' Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat, The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Unit Owners' Association when not in conflict with the Declaration, these Bylaws or the Condominium Act. All votes shall be tallied by the President.

ARTICLE III Board of Directors

Section 1. Number and Qualification

The affairs of the unit owners' Association shall be governed by a Board of Directors. Until deeds of conveyance representing more than seventy-five-percent (75%) of the units shall have been delivered to Unit Owners by the Declarant, and thereafter until their successors shall have been elected by the Unit Owners, the Declarant reserves the right to appoint two (2) members of the Board serving at any particular time. that the foregoing power of designation shall not extend beyond the maximum time permitted by Section 7C-3 of the condominium Act The Board of Directors shall be composed of three (3) persons, all of whom shall be Unit Owners or spouses of unit owners, Mortgagees (or designees of Mortgagees or designees of the Declarant. The Declarant shall have the right in its sole discretion to replace such Directors as it has the right to appoint and to designate their successors. The time limit on the period of Declarant's control shall commence upon closing of the first Unit to be sold in any portion of the Condominium.

Section 2. Powers and Duties

The Board of Directors shall have all at powers and duties necessary for the administration of the affairs of the Unit owners' Association and may do all, such acts and things as are not by the Condominium Act, the Declaration or by these Bylaws required to be exercised and done by the Unit Owners, The Board of Directors shall have the power from time to time to adapt any Rules and Regulations deemed necessary for the benefit and enjoyment of the Condominium; in conflict with the Condominium Act, the Declaration or these Bylaws. The Board of Directors may delegate to one of its members or to a person employed for such

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purpose, the authority to act on behalf of the Board of Directors on such matters relating to the duties of the Managing Agent (as defined in Section 3 of this Article), if any, which may arise between meetings of the board of Directors as the Board of Directors deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution at the unit Owners' Association that may hereafter be adopted, the Board of Directors shall on behalf of the Unit Owners' Association:

Prepare an annual budget, in which there shall be established the assessments of each Unit Owner for the Common Expense,

Make assessments against Unit Owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the Unit Owners; and establish the period of the installment payment of the annual assessment for Common Expenses, Unless otherwise determined by the Board of Directors, the annual assessment against each Unit owner for his proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for such month.

Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.

Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common Elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

Collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

Make and amend the Rules and Regulations.

Open bank accounts on behalf of the Unit Owners Association and designate the signatories thereon.

Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with the Condominium Act, the Declaration and these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings,

Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and regulations and act on behalf of the Unit Owners with respect to all matters arising out of any eminent domain proceeding.

Obtain and carry insurance against casualties and liabilities, as provided in Article VI of these Bylaws, pay the premiums therefore and adjust and settle any claims there under.

pay the cost of all authorized services rendered to the Unit Owners' Association and not billed to Unit Owners of individual Units or otherwise provided for in Article 'J', Sections 1 and 2 of these Bylaws.

Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the Common Elements and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, during general business hours on working days at the time and in the manner set and announced by the Board of

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Directors for the general knowledge of the Unit owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once each year by an independent accountant retained by the Board of Directors who shall not be a resident of the Condominium or a Unit owner. The cost of such audit shall be a Common Expense.

Give the notices required in Article VIII herein.

Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the Common Elements, , that the consent of the owners of at least seventy-five percent (75%) of the units, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, shall be required to borrow any sum of money. In any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this paragraph

is not repaid by the unit Owners' Association, a Unit owner who pays to the creditor such proportion thereof as his Common Expense Interest bears to the total Common Expense interest in the condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to tile against such 'Unit Owners' Condominium Unit.

Acquire, hold and dispose of Condominium Unit and mortgage the same if such expenditures are included in the budget adopted by the Unit owners' Association.

From time to time designate the ten parking spaces, as shown on the plat, as "Reserved Common Elements", provided that each unit shall have one such space assigned to it.

Furnish the statement requited by Section 7C-9 of the Condominium. Act, within ten (10) working days after the receipt of a written request therefore from any Unit Owners. The cost of preparation of such statements shall be a Common Expense.

Regulate the external design, appearance, use and maintenance of the Common Elements. The Board shall have the power to issue a cease and desist request to a Unit Owner, his guests, invitees or lessees whose actions are inconsistent with the provisions of the Condominium Act, the Condominium Instruments and the Rules, Regulations and Resolutions of the Board. The Board shall Provide interpretations of the Condominium Instruments, the Rules Regulations and the resolutions upon the request of the Unit Owner or Lessee. Keep current copies of the Declaration, Bylaws and other Documents affecting the Condominium, which shall be held available for the inspection of the unit owners, insurers, and granters of first mortgages secured by Units in the Project, during reasonable hours.

Do such other things and acts not inconsistent with the Condominium Act, the Declaration of these Bylaws which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

Section 3. Managing Agent

The Board of Directors may employ for the Condominium Managing Agent at a compensation Established by the Board of Directors.

Requirements. The Managing Agent shall be a bona fide business enterprise, unaffiliated with the Declarant which manages common interest residential communities. Such firm shall employ persons possessing a high level of competence in the technical skills necessary to the proper management of the

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Condominium. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel expert in the areas of condominium insurance, accounting, labor relations and condominium regulation.

Duties. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize, including but not limited to the duties listed in paragraphs (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (q), and (r) of Section 2 of this Article III. The Board of Directors may delegate to the Managing Agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in paragraphs (b), (f), (g), (n), (o), and (p) of Section 2 of this Article III. The managing Agent shall perform the obligations duties and services relating to management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

Standards. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent, Unless the Managing agent is instructed otherwise by the Board of Directors:

- the cash method of accounting shall be employed;

- two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

- cash accounts of the Unit Owners' Association shall not be commingled with any other accounts;

- no remunerating shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Unit Owners' Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Unit Owners' Association;

- any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Unit Owners' Association shall be disclosed promptly to the Board of Directors; and

 - all income and disbursement activity for the preceding month:

 - the status of all accounts in an "actual" versus "projected" (budget) format; and

 - any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserve or fifteen percent (15%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

Limitations Subject to the provisions of Section 7C-5 of the Condominium Act, during the period when persons designated by the Declarant constitute a majority of the Board of Directors, the Board of Directors may employ a Managing Agent for a term not to exceed three (3) years. Nor shall the Unit Owners' Association employ a new Managing agent without thirty (30) days' prior written notice to, and approval by, all Mortgagees. Any contract with the Managing Agent must provide that it may be terminated with cause on no more than ninety (90) days written notice and the term of any such contract may not exceed three (3) years.

Section 4. Election and Term of Office.

At the first annual meeting of the Unit Ownersociation, the term of office of the member of the Board of Directors to be elected by the Unit Owners shall be fixed at three (3) years, the term of office of one member of the Board of Directors shall be fixed at two (2) years, and the term of office of one member of the Board of Directors shall be fixed at one (1) year. At the

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expiration of the initial term of office of each member of the initial Board of Directors, a successor shall be elected to serve for a term of three (3) years, The members of the Board of Directors shall hold office until their respective successors shall have been elected by the unit Owners' Association or appointed by the Declarant.

Persons qualified to be members of the Board of Directors may be nominated for election only as follows:

any Unit Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by the Unit owner, and a statement that the person nominated is willing to serve on the Board of Directors. The Secretary shall mail or hand deliver the submitted items to every Unit Owner along with the notice of such meetings; or

Nominations may be submitted from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for which no more than one person has been nominated by petition.

Section 5. Removal or Resignation of members of to the Board of Directors.

Except with respect to directors designated by Declarant, at any regular or special meeting duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Unit Owners shall be given at least seven (7) days" notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A member of the Board of Directors may resign at any time and shall be deemed to have resigned upon disposition of his Unit.

Section 6. Vacancies

Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners' Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Directors for the remainder of the terms of the member being replaced and until a successor shall be elected at the next annual meeting of the Unit Owners' Association. Notwithstanding anything to the contrary in this Section or in the preceding Section 5, so long as the Declarant owns twenty-five-percent (25%) or more of the aggregate Percentage interests, (but in no event after the expiration of the maximum time permitted by Section 7C-3 of the Condominium Act) the Declarant may designate the successor to any resigned or removed member previously designated by the Declarant.

Section 7. Organization Meetings

The first meeting of the Board of Directors following the annual meeting of the unit Owners' Association shall be held within ten (10) days thereafter at such title and place as shall be fixed by the Unit Owners' Association at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 8. Regular Meetings

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such

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meetings shall be held at least once every four (4) months during each fiscal year. Written notice of regular meetings of the Board of Directors shall be given to each director, by the president, at least five (5) business days prior to the day named for such meeting.

Section 9. Special Meetings

Special meetings of the Board of Directors may be called by the president on five (5) business days notice to each director, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the 'written request of at least two (2) directors.

Section 10. Waiver of Notice

Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board Of Directors.

At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 12. Compensation.

No director shall receive any compensation from the Condominium for acting as such.

Section 13. Conduct of Meetings

The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 14. Action Without Meeting.

Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 15. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners' Association.

The officers and members of the Board of Directors shall not be liable to the Unit Owners' Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit owners' Association shall indemnify and hold harmless each of the officers and directors from and against all contractual liability to others arising out of

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contracts made by the officers or the Board of Directors on behalf of the Unit Owners' Association unless any such contract shall have been made in bad faith or contrary to the provision's of the Condominium Act, the Declaration or these Bylaws. officers and members of the Board of Directors shall have no personal liability with respect to any contract make by them on behalf of the Unit Owners' Association, The liability of any Unit owner arising out of any contract made by the officers or Board of Directors, or out of the aforesaid indemnity in favor of the members of the Board of Directors or officers, or for damages as a result of injuries arising in connection with the Common Elements solely by virtue of his ownership of a Percentage Interest therein or for liabilities incurred by the Unit owners' Association, shall be limited to the total liability multiplied by his Percentage Interest. Every agreement made by the officers, the Board of Directors or the Managing agent on behalf of the Unit Owners' Association shall, if obtainable, provide that the officers, the members of the Board of Directors or the managing Agent, as the case may be, are acting only as agents for the Unit Owners' Association and shall have no personal liability there under (except as Unit Owners), and that each Unit owner's liability there under shall be limited to the total liability there under multiplied by his Common Expense Liability.

The Unit owners' Association shall not be liable for any failure of water supply or other services to be obtained by the Unit owners Association or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by the Unit Owner of any Condominium Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners' Association shall not be liable to any Unit owner for loss or damage, by theft or otherwise of articles which may be stored upon any of the common elements. diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Unit Owners'

Association to comply with any law, ordinance or with the order of directive of any municipal or other governmental authority,

ARTICLE IV Officers

Section 1. Designation

The principal officers of the unit Owners' Association shall be the president, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. The President and Vice president shall be members of the Board of Directors. Any other officers may, but need not, be Unit owners or members of the Board of Directors.

Section 2. Election of Officers.

The officers of the unit Owners' Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers

Upon the affirmative vote of a majority of all members of the Board of Directors any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. President

The President shall: be the chief executive officer of the unit Owners'

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Association; preside at all meetings of the Unit owners' Association and of the Board of Directors; and have all of the general powers and duties which are incident to the office of president of a corporation.

Section 5. Vice President

The Vice president shall take the place of the President and perform the duties at the President whenever the President shall be absent or unable to act. If neither the president nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The vice President shall also perform such other duties as shall from, time to time be imposed upon him be the Board of Directors or by the President.

Section 6. Secretary.

The Secretary shall keep the minutes of all meetings of the unit owners' Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; maintain a register setting forth the place to which all notices to Unit owners and mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary of the corporation.

Section 7. Treasurer.

Treasurer shall have the responsibility for unit Owners' Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all monies and other valuable effects in the name of the Board of Directors, the Unit owners' Association or the managing agent, in such depositories as may from time to time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of Treasurer of the corporation.

Section 8. Execution of Documents

All agreements, contracts, deeds, leases, checks and other instruments of the unit owners' Association for expenditures or obligations in excess of two hundred fifty Dollars (\$250.00) shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of two hundred fifty Dollars (\$250.00) or less may be executed by any one person designated by the Board of Directors.

Section 9. Compensation of Officers

No officer who is also a director shall receive any compensation on from the Unit Owners' Association for acting as such officer.

ARTICLE V Operation of the property

Section 1. Determination of Common Expenses and Assessments Against Unit owners.

Fiscal Year. The fiscal year of the Unit Owners' Association shall be the calendar year unless otherwise determined by the Board of Directors,

Preparation and Approval of Budget

On or before one hundred and five days before the beginning of the fiscal year, the Board of Directors shall adopt a budget for the Unit Owners' Association containing an estimate of the total amount considered necessary to pay the cost maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Units as to which is the responsibility of the Board of Directors to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be Common Expenses by the Condominium Act, the Declaration these Bylaws or a resolution of the Unit owners' Association and which will be required during the ensuing fiscal year for

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the administration, operation, maintenance and repair of the Property and the rendering to the

Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. Within thirty (30) days of the adoption of the proposed budget, the Board of Directors shall send to each Unit Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the Common Expenses and any special assessment payable by each Unit Owner. Such budget shall constitute the basis for determining each Unit Owners' assessment for the Common Expenses of the Unit Owners' Association, if ratified pursuant to Section 7C-3 of the Act

Assessment and Payment of Common Expenses. Subject to the Provisions of Section 1(a) of Article IX hereof, the total amount of the estimated funds required for the operation of the property set forth in the budget adopted by the Board of Directors shall be assessed against each unit owner in proportion to his or her respective Common Expense Liability and shall be a lien against each Unit Owner's unit as provided in Article IX, Section 2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or the Managing Agent (as determined by the Board of Directors), one twelfth of such assessment. Within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulation in excess of the amount required for actual expenses and reserves shall, if the Board of Directors deems advisable, be Credited according to each Unit Owner's Common Expense Liability to the next monthly installments due from Unit owners under the current fiscal years budget until exhausted. Any net shortage shall be assessed promptly against the Unit Owners in accordance with their Common expense Liability and shall be payable either; (1) in full with payment of the next monthly assessment due; or (2) in not more than three (3) equal monthly installments, as the Board of Directors may determine.

ReservesThe Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Unit owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the unit owners according to their respective Common Expense Liabilities, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all unit Owners by a statement in writing giving the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due more than ten (10) days after the delivery of such notice of further assessment. All unit Owners shall be obligated to pay the adjusted monthly amount or, if such, further assessment is not payable in installments, such assessment shall be a lien as

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of the effective date as set forth in the proceeding paragraph (c).

Initial Capital Payment. Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing sixty (60) days after such election and ending on the Last day of the fiscal year in which such election or designation occurs. Assessments shall be levied and become a lien against the Unit Owners during such period as provided in paragraph (c) of this Section (2) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for Common Expenses for such purchaser's Unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Unit Owners` Association.

Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Unit owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notice shall have been delivered of the monthly payment due under the new annual or adjusted budget.

Accounts All sums collected by the Board of Directors with respect to assessments against the Unit owners may be commingled into a single fund, but shall be held for each Unit Owner in accordance with his Common Expense Liability.

Section 2. Payment of Common Expenses.

Each Unit owner shall pay the Common Expenses assessed by the Board of Directors pursuant to the provisions of Section 1 of this Article V. No Unit owner may exempt himself from liability for his contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his unit. No Unit owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the Unit Owner for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit owner amounts paid by the purchaser therefore; any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling Unit Owner within ten (10) working days following a written request therefore to the Board of Directors or managing Agent and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessment in excess of the amount herein set forth; and that each Mortgagee who comes into possession of a Condominium Unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the Condominium Unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee comes into possession thereof, except for claims for a pro rate reallocation of such assessments or charges to all Condominium Units including

the mortgaged Condominium Unit.

Section 3. Collection of Assessments.

The Board of Directors or the Managing Agent, at the request of the Board of Directors, shall take prompt action to collect any assessments for Common Expenses due from any Unit owner which remain unpaid for more than sixty (60) days from the due date for payment thereof. Any assessment, or installment thereof, not paid within fifteen (15) days after due shall accrue a late charge in the amount of twelve percent (12%) of the overdue assessment or installment. For each additional thirty (30) day period that such assessment remains due and unpaid, such assessment shall accrue an additional penalty of twelve percent (12%) of the unpaid assessment including accrued late charges and penalties.

Section 4. Statement of Common Expenses.

The Board of Directors shall promptly provide any Unit Owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for Common Expenses due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Condominium Act.

Section 5. Maintenance, Repairs, Replacement and other Common Expenses

By the Board of Directors The Unit Owners Association shall be responsible for the maintenance, repair and replacement (unless, if in the opinion of not less than a majority of the Board of Directors such expense was necessitated by the negligence, misuse or neglect of a Unit owner) of all of the Common Elements including the Limited Common Elements, or Reserved Common Elements.

By the Unit Owner.

Each Unit Owner shall keep his Unit and its equipment appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Unit. In addition, each Unit owner shall be responsible to all damage to any other Units or to the Common Elements resulting from his failure to make any of the repairs required by this Section. Each Unit Owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing Agent any defect or need for repairs for which the Board of Directors is responsible.

The Unit owner of any Unit to which a yard, patio or terrace is appurtenant shall perform the maintenance for such yard, patio or terrace, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also be responsible for all landscaping desired by the Unit Owner. All structural repair or replacement of enclosing fences, shall be made by the Board of Directors as a Common Expense, as provided in subsection (a) above.

Each Unit Owner shall be responsible for the maintenance and repair of the ceiling and roof above his or her Unit, of the air conditioning unit serving such Unit, and of any plumbing or electrical fixtures or elements serving only such Unit, to the extent that such expenses are not covered by insurance.

In the event any wall shared by two units is damaged or destroyed through the act of one adjoining owner, or any of his guests, tenants, licensees, agents, or members of his family (whether or not such act is negligent or otherwise culpable), so as to deprive the other adjoining owner of the full

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use and enjoyment of such wall, then such owner who caused or is responsible for such damage, shall rebuild and repair the same to as good condition as formerly without cost to the adjoining owner or to the Homeowner's Association. In the event any shared wall of a unit is damaged or destroyed by some cause other than the act of one of the adjoining owners, his agent, tenants, licensees, guests, or family (including ordinary wear and tear and deterioration from lapse of time), then in such event the owner of said unit shall rebuild or repair the part of such wall belonging to his unit as set out in the Declaration. Any owner, who by his negligent or willful act causes any shared wall to be exposed to the elements, shall bear the whole cost of furnishing the necessary protection against such elements.

Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 6. Additions, Alterations or Improvements by the Board of Directors.

Except during the period of Declarant control, whenever in the judgment of the Board of Directors improvements costing in excess of one thousand Dollars (\$1,000.00) during any period of twelve (12) consecutive months, is necessary, the making of such additions, alterations or improvements shall be approved by a majority of the Unit Owners, and the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing one thousand Dollars (\$1,000.00) or less during any period of twelve (12) consecutive months may be made by the Board of Directors without approval of the Unit Owners and cost thereof shall constitute a Common Expense.

Notwithstanding the foregoing, if, in the opinion of not less than a majority of the members of the board of Directors, such additions, alterations or improvements are substantially for the exclusive benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owners shall be assessed therefore in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

Section 7. Additions, Alterations or Improvements by Unit Owners.

No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter the exterior of his Unit, including the doors and windows, nor shall any Unit Owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owners Unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or material men on account of such addition, alteration or improvement, or to any person having claim for injury or damage to property arising therefrom.

Section 8. Restrictions on use at Units; Rules and Regulations

Each Unit and the Common, Elements shall be occupied and used as follows:

No Unit shall be used for other than housing and the related common purposes for which the Property was designed. The Board of Directors may permit reasonable, temporary non-residential uses from time to time. Nothing in the

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Bylaws shall be construed to prohibit the Declarant from using any Unit owned by Declarant for promotional, marketing or display purposes.

Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance for the Property or any part thereof applicable for residential use without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his Unit in the Common Elements which will result in the cancellation of insurance on the Property or any part thereof or which would be No offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a Common Expense.

No Unit owner shall obstruct any of the Common Elements nor shall any Unit Owner store anything upon any of the Common Elements without the approval of the Board of Directors. Vehicular parking upon the Common Elements may be regulated or assigned by the Board of Directors. Nothing shall be altered or constructed in or removed from the Common except upon the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

The Common Elements shall be usual only for the furnishing of the services and facilities for which the same are reasonable suited and which are incident to the use and occupancy of the Units.

No unit shall be rented for transient or hotel purposes or in any event for an initial period of less than six (6) months. No Unit Owner shall lease a Unit other than on a written form of lease requiring the lessee to comply with the Condominium Instruments and Regulations, and providing that failure to comply constitutes a default under the lease. Each Unit Owner shall promptly, following the execution of any such lease, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this subparagraph shall not apply to the Declarant, or to the Mortgagee in possession of a unit as a result of a foreclosure or other judicial sale or as a result of any proceeding in lieu of foreclosure, during the period of such Mortgagee's possession.

Trailers, campers, recreational vehicles or boats may be parked on the Property only in Parking areas designated exclusively for such purposes by the Board of Directors. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the Common Elements-

The maintenance, keeping, boarding and/or raising of animals, Livestock, poultry or reptiles of any kind, regardless of number Shall be and is prohibited within any Unit or upon the Common Elements, except that the keeping of small, orderly domestic pets (e.g., dogs, cats or caged birds) not to exceed one per Unit without the Approval of the Board of Directors, is permitted subject to the Rules and Regulations adopted by the Board of Directors; that such pets are not kept or maintained for commercial purposes or for breeding and that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Property upon ten (10) days' written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied

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by an adult and unless carried or leashed. Any Unit Owner who keeps and maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the condominium, each Unit Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. All pets shall be registered and inoculated as required by law.

Each Unit and the Common Elements shall be occupied and used [in] compliance with the Rules and Regulations which may be promulgated and amended by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner. Amendments to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit owner upon request.

Section 9. Right of Access.

By acceptance of his deed of conveyance, each Unit Owner thereby grants a right of access to his Unit, to the Board of Directors or the Managing Agent, or any other person authorized by the Board of Directors or the Managing Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective power and responsibilities, including without limitation making inspections, correcting any condition originating in his Unit, and threatening another unit or Common Elements, performing installations, alterations or repairs to the mechanical or electrical services to the Common Elements in his Unit or elsewhere in the Property or to correct any condition which violates any mortgage; that requests for entry are made in advance and that any such entry is at a time reasonable [and] convenient to the Unit owner. In case of emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section 10. Utility Charges.

The costs of water, insurance and garbage disposal shall be Common Expenses. The costs of gas, electricity and property taxes shall be paid for by the individual Unit Owners, except that the Unit Owners may elect to have the whole condominium taxed as a Unit and the expense assessed as a Common Expense, if such an election shall be to the benefit of the Unit Owners.

Section 11. Parking Spaces.

Each unit has assigned to it in the Declaration the use of one of the parking spaces located in the covered carport area. The parking spaces shall be limited common areas subject to maintenance by the Association. All other parking spaces shall be used by the Unit Owners for self-service parking purposes on a "first come, first served" basis, that no Unit Owner shall regularly park more than three (3) vehicles (owned or leased by such Unit Owner, a member of his family or a tenant residing in his Unit) on the Common Element parking spaces without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas shall, be a Common Expense.

Section 12. Storage on Common Areas; Disclaimer of Bailee Liability.

The Board of Directors, the Unit owners' Association, any Unit Owner and the Declarant shall not be considered a bailee, of any personal property stored on the Common Elements (including vehicles parked on the Condominium), whether or not exclusive possession of the particular area is given to a Unit Owner for storage purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence.

ARTICLE VI INSURANCE

Section 1. Authority to Purchase.

Except as otherwise provided in Section 5 of this Article VI, all insurance policies relating to the Property shall be purchased by the Board of Directors.

Each such policy shall provide that:

The insurer waives any right to claim by way of subrogation against the Declarant, the Unit owners' Association, the Board of Directors, the managing Agent or the Unit Owners, and their respective agents, employees, guests and, in the case of the Unit owners, the members of their households;

Such policy shall not be canceled, invalidated or suspended due to the conduct of any Unit owner (including his invitees, agents and employees) or of any member, (acting within the scope of his authority for the association) officer or employee of the Board of Directors or the managing Agent without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect And neither shall have so cured such defect within ten (10) days after such demand.

Such policy may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Board of Directors and the Managing Agent and, in the case of physical damage insurance, to all mortgagees.

The Declarant, so long as Declarant shall own any Unit, shall be protected by all such policies as a Unit Owner.

All policies of insurance shall be written by reputable companies licensed to do business a in the State of New Mexico. Physical damage policies shall be in form and substance acceptable to the Mortgagees.

Section 2. Physical Damage Insurance.

the Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism , malicious mischief, windstorm, sprinkler leakage, debris removal, cost of demolition and water damage endorsements, insuring the entire Property (including all of the Units and the bathroom and kitchen fixtures initially installed therein by the Declarant and the replacements thereto Installed by the Declarant but not including furniture wall coverings, furnishings or other personal property supplied or installed by Unit Owners), together with all air conditioning equipment and other service. machinery contained therein, and covering the interests of the Unit Owners' Association, the Board of Directors and the Unit Owners and their Mortgagees, as their interest may appear, (subject, to the loan payment and adjustment provisions in favor of the Board of Directors contained in Section 6 of this Article VI), in an amount equal to one hundred percent (100%) of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be re-determined annually by the Board of Directors with the assistance of the insurance company affording such coverage).

Such policy shall also provide:

A waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so and, in such event, that the insurer shall pay on the basis of the agreed amount endorsement as though a total loss has occurred;

That any "no insurance" clause expressly exclude individual Unit Owners' policies from its operation so that the physical damage policy purchased by

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the Board of Directors shall be deemed primary coverage and any individual Unit Owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their Mortgagees unless otherwise required by law.

A duplicate original of the policy of physical damage insurance, all renewals thereof, and any sub policies or certificates and endorsements issued there under together with proof of payment of premiums shall be delivered by the insurer to any Mortgagee so requesting at least thirty (30) days prior to expiration of the then current policy, All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy.

Section 3. Liability Insurance.

The Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage and errors and omissions coverage for directors) and property damage insurance in such limits as the Board of Directors may from time to time determine, insuring each member of the Board of Directors, the Managing Agent, each Unit Owner and the Declarant against any liability to the public or to the Unit Owners (and their invitees, agents and employees) arising out of, or incident to the ownership and/or use of the Common Elements. Such insurance shall be issued on a comprehensive liability basis and shall contain (i) a cross liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to his action against another named insured; (ii) hired and non-owned vehicle coverage (iii) host liquor liability coverage with respect to events sponsored by the unit owners' Association; and (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners' Association; and (v) a "severability of Interest" endorsement which shall preclude the insurer from denying liability to a Unit Owner because of negligent acts of the Unit Owners' Association or of another Unit Owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million Dollars (\$1,000,000.00) covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained.

Section 4. Other Insurance.

The Board of Directors shall obtain and maintain:

adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners' Association and all others who handle, or are responsible for handling, of the Unit Owners' Association, including the Managing Agent, Such fidelity bonds shall: (1) name the Unit Owners' Association as an obligee; (2) be written in an amount not less than one and a half (1.5) times the estimated annual operation expenses of the Condominium, including reserves; and (3) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; if required by any governmental or quasi-governmental agency including without limitation the Federal National Mortgage Association or the Federal Home Loan mortgage Corporation, flood insurance in accordance with the then applicable regulations of such agency; workmen's compensation insurance it and to the extent necessary to meet the requirements of law;

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such other insurance as the Board of Directors may determine or as may be request from time to time by a majority of the Unit Owners.

Section 5. Separate Insurance.

Each Unit Owner shall have the right, at his own expense, to obtain insurance for his own Unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Unit normally called tenants improvements and betterments coverage; " provided, however, that no Unit Owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all Unit Owners, may realize under any insurance policy maintained by the Board of Directors or to cause any insurance coverage maintained by the Board of Directors to be brought into contribution with insurance coverage obtained by a Unit Owner, As such policies shall contain waivers of subrogation. No Unit owner shall obtain separate insurance policies except as provided in this Section 5.

Section 6. Payment of Proceeds.

All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners' Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and all such proceeds shall be paid to the Board of 'Directors to be applied pursuant to the terms of Article VII.

Section 7. Board of Directors as Agents.

The Board of Directors is hereby irrevocably appointed the agent for each Unit Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

ARTICLE VII

Section 1. When Repair and Reconstruction are Required.

Except as otherwise provided in Section 4 of this Article, In the Event of damage to or destruction of all or any of the buildings as a result of fire or other casualty, the Board of Directors, (under the direction of the Insurance Trustee,) shall arrange for and supervise the prompt repair and restoration of the Buildings (including any damaged Units, and the floor coverings, kitchen or bathroom fixtures and appliances initially installed therein by the Declarant, and replacement thereof installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the Unit Owners In the Units). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of his own Unit.

Section 2. Procedure for Reconstruction and Repair.

Cost Estimates. Immediately after a fire or other casualty causing damage to any building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such building (including any damaged Units and any floor coverings and kitchen and bathroom fixtures and appliances initially installed by Declarant, and the replacements thereof but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owner in the Unit) to a condition as good as that existing before such casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

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Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair and funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a Common Expense and a special assessment therefore shall be levied.

Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property.

Section 3. Disbursements of Construction Funds.

Construction Funds and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the Board of directors from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

If the estimated cost of reconstruction and repair is less than five thousand dollars (\$5,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

If the estimated costs of reconstruction and repair is five thousand dollars (\$5,000.00) or more, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in New Mexico employed to supervise such work, payment to be made From time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, material men, the architect and other persons who have rendered services or furnished materials in connection with the work and stating that; (i) The sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested

Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among all Unit Owners in proportion to their Common Expense Liability and shall be distributed in accordance with the priority of interests at law or in equity in each Unit.

Common Elements. When the damage is to both Common Elements and Units. the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the Units.

Certificates. The Board of Directors shall be entitled to rely upon a certificate executed by the President or Vice President, and the secretary, certifying: (1) whether the damaged Property is required to be reconstructed and repaired; (2) the name of the payee and the amount to be paid with respect to disbursement from any construction fund or whether surplus funds to be distributed are less than the assessments paid by the Unit owners; and (3) all

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other matters concerning the holding and disbursing of any construction fund. Any such certificate shall be delivered to the Board of Directors promptly after request.

Section 4. When Reconstruction is Not Required.

In the event of insubstantial damage to the Common Elements and if the Board of Directors shall elect not to repair the same then in such event any insurance proceeds received on account of such damage shall be distributed among all unit owners in proportion to their respective Percentage ownership Interest in Common Elements. If the Condominium shall be terminated pursuant to Section 7B-18 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the Board of Directors or the Insurance Trustee, as the case may be, among all Unit owners in proportion to their respective interests, after first paying out of the share of each Unit Owner, to the extent sufficient therefore, the amount of any unpaid liens on his unit in the order of priority of such liens.

Section 5. Termination.

Any termination of the Project shall be handled in the manner set out in Section 47-7B-18 of the New Mexico Condominium Act.

ARTICLE VIII Mortgages

Section 1. Notice to Board of Directors.

A Unit Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his mortgagee and shall file a conformed COPY of the Note and Mortgage with the Board of Directors.

Section 2. Notice of Default, Casualty or Condemnation

The Board of Directors when giving notice to any Unit owner of a default of over sixty (60) days in paying an assessment for Common Expenses or any other default, shall simultaneously send a copy of such notice to the mortgagee of such unit. Each Mortgagee a holder, insurer or grantor of any mortgage shall also be given written notice of:

Any condemnation or casualty loss affecting a material part of the Condominium.

A late, cancellation or material modification of any insurance policy a fidelity bond maintained by the owner's Association: and

Any proposed action requiring the consent of any of the eligible mortgage holders.

To obtain such notice, a mortgagee or other named party requesting such information must furnish the Board a written request stating the address to which such notice should be sent and the numbers of the units upon which the mortgage is held.

Section 3. Notice of Change in Managing Agent.

The Board of Directors shall give notice to all mortgagees thirty (30) days prior to hiring or discharging a Managing Agent and no such change shall be adopted without the written consent of all Mortgagees.

Section 4. Mortgagees' Approvals.

Unless all mortgagees shall have given the their prior written approval, neither the Unit Owners' Association nor any Unit Owner shall;

change the Percentage Interest or obligations of any

Subdivide, partition or relocate the boundaries of any Unit encumbered by a Mortgage or the Common Elements of the Condominium;

By act or omission withdraw the submission of the Property to the Condominium Act, except as provided by the Condominium Instruments or the Condominium Act.

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Section 5.

All other amendments to the documents of a material nature must be approved by the mortgage holders holding at least fifty one percent (51%) of the mortgages on Units.

Section 6. Other Rights of mortgagees.

All Mortgagees or their representatives shall be entitled to attend meetings of the Unit Owners' Association and shall have the right to speak thereat. All such Mortgagees shall have the right to examine the books and records of the Condominium.

ARTICLE IX Compliance and Default

Section 1. Relief.

Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Condominium Act as any of the same may be amended from time to time. In addition to the remedies Provided in Section 7C-16 of the Condominium Act, a default by a Unit Owner shall entitle the unit owners' Association, acting through its Board of Directors or through the Managing Agent, to the following relief:

Additional Liability. Each unit Owner shall be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or employees, agents or licensees, but Only to the extent that such, expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances.

Costs and Attorneys' Fees In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be determined by the court.

No Waiver of Rights The failure of the unit owners' Association, the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Condominium Act shall not constitute a waiver of the right of the Unit owners' Association the Board of Directors or the Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Unit Owners' Association, the Board of Directors or any Unit owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Condominium Instruments or the Condominium Act or as law or in equity.

Interest. In the event of a default by any Unit Owner in paying any sum assessed against his unit other than for Common Expenses which continues for a period in excess of thirty (30) days, the principal amount unpaid shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid.

Abating and Enjoining violations by Unit Owners The violation of any of the Regulations adopted by the Board of Directors, the breach of any Bylaw contained herein or the breach of any provision or the Declaration or the Condominium Act shall give the Board of Director the right, in addition to any other rights set forth in these Bylaws: (1) to enter the Unit in which, or as

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to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed Guilty in any manner of trespass; or (2) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach. Legal Proceedings Failure to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations shall be grounds for relief, including without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the unit owners' Association the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Unit owner and shall not constitute an election of remedies.

Section 2. Lien for Assessment.

The total annual assessment of each Unit owner for Common Expenses or any special assessment made pursuant to these Bylaws is hereby declared to be a lien levied against the Condominium Unit of such Unit Owner as provided in Section 7C-16 of the Condominium Act, which lien shall, be effective from the time the assessment becomes due and shall include any late charges, penalties or interest. The Board of Directors or the Managing Agent may file or record such other or further notice of any such lien, or such other or further document, or confirm the establishment and priority of such lien.

The lien for assessment may be enforced and foreclosed in the manner provided by the laws of the State of New Mexico by action in the name of the Board of Directors, or the Managing Agent, acting on behalf of the Unit Owners' Association. During the pendency of such suit the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the Laws of the State of New Mexico.

A suit to recover a money judgment for unpaid contributions may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

Delinquent assessments shall not pass to successors in title or interest unless assumed by them in writing.

Section 3. Subordination and Mortgage Protection.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws 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 of the holder of a mortgage made in good faith for value received; , that such Mortgage secures a loan made by an institutional lender; and provided, further, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any proceeding in lieu of foreclosure.

ARTICLE X Amendments to Bylaws

Section 1. Amendments.

These Bylaws may not be modified or amended except by vote of sixty-seven percent (67%) of the votes in the Association. Provided, however, that until the

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expiration of the maximum time permitted by Section 7C-3; of the Condominium Act, (a) Section 2 of Article II, (b) Section 9 of Article II, (c) Section 1 of Article III, and (d) Section 1 of this Article X may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be a Unit Owner of units representing twenty-five (25%) percent or more of the units which may be created in the Condominium.

Section 2. Approval of Mortgagees.

These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgagees. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagees.

ARTICLE XI Miscellaneous

Section 1. Notices.

All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid (or otherwise as the condominium Act may permit), (a) if to a Unit Owner, at the address which the Unit owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Unit of such owner, or (b) if to the Unit owners' Association, to any member of the Board of Directors or to the managing Agent or at such other address as shall be designated by notice in writing to the Unit owners pursuant to this Section. If a Unit is owned by more than one person, each such person who so designated an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 2. Captions

The herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 3. Gender.

The use Of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and , whenever the context so requires. IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed and attested by on behalf of the Unit Owners' Association, this SILVER TOWNHOUSES, HOMEOWNER'S ASSOCIATION

Subscribed and sworn before me this 13 day of November 1984. by Colby Sanlian. [signed La Donna S Godlove"] [1] Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration creating this condominium or, if not defined therein, the meanings specified for such terms in Section 1 of the New Mexico Condominium Act.