

BY-LAWS

of

THE ASSOCIATION OF ANGEL FIRE PROPERTY OWNERS, INC.

ARTICLE I

RECITALS AND DEFINITIONS

Section 1. This corporation has been formed pursuant to the Non-profit Corporation Act of the State of New Mexico, NMSA Chapter 53, Article 8, and is the successor to the Property Owners Association.

Section 2. The specific and primary purposes of this corporation are set forth in Article II of the Articles of Incorporation.

Section 3. The corporation is herein referred to as the "Association."

Section 4. The terms "Development" and "Resort" shall mean all of the real property within the boundaries of a certain real estate development in Colfax County, New Mexico, commonly known as "Angel Fire," and any additional property which is annexed thereto, pursuant to the provisions of the Protective Covenants and Restrictions recorded in the Office of the Recorder of the County of Colfax, State of New Mexico, in connection with the Development.

Section 5. Although there shall never be any requirement that the Association own any real or personal property as a precondition to the Association's existence or ability to exercise the powers set forth in the Supplemental Declaration of Restrictive Covenants and Easements (recorded in the records of Colfax County, New Mexico, on September 27, 1995, and hereinafter referred to as "Supplemental Declaration") or the Articles of Incorporation, the property and common facilities which the Association may initially own and control are more particularly described as follows:

(1) That certain Land Use Easement created in the Supplemental Declaration.

(2) Any other common facilities which the Association shall own, lease, or otherwise control and/or operate for the common use and benefit of the members, of the community, and the public at large.

The Association shall own and/or lease such equipment and personal property as is reasonably required from time to time for use in connection with the common facilities. The Association may own and/or lease other property, real or personal, from time to time, for the common benefit, use and enjoyment of the members of the Association and the general public.

All of the above described property which the Association shall own, lease, control, and/or operate is herein collectively referred to as "Association Property."

Section 6. The term "Homesite" shall mean any legally constituted lot, tract, parcel, condominium, apartment, town house unit, timeshare unit, cabinshare unit, or acreage which has been subdivided into lots within the Development, regardless of its designated use for residential, commercial, multi-family, or other purposes.

Section 7. The term "Owner" shall mean the person or entity holding the legal or equitable title to a homesite, which term shall include but not be limited to purchasers under an Acceptance Agreement (purchase contract), excepting that the Developer and its successors in interest shall not be considered "Owners" regardless of the number of homesites and lots they presently own or may obtain title to in the future.

Section 8. The term "Covenants and Restrictions" shall mean all limitations, restrictions, covenants, terms and conditions set forth in the Restrictive Covenants and Restrictions recorded in the Office of the Recorder of the County of Colfax with respect to the Development, as such declarations may from time to time be amended, supplemented, or modified by a subsequent Declaration so recorded. "Covenants and Restrictions" includes but is not limited to the Supplemental Declaration.

Section 9. The term "Common Facilities or "Common Area" shall mean and include, collectively, all real property and improvements located thereon, which are owned, managed, leased, or maintained by either the Association, the Developer, or its successors in interest, intended for the common use and enjoyment of Association members, specifically including, but not limited to the Amenities of the Development, as the term "Amenities" is defined in the Supplemental Declaration.

Section 10. The term "Good Standing" shall mean, with respect to a member, that the member is current in his/her assessment and dues payments, past and present, to the Association, and whose rights under these By-Laws have not been suspended.

Section 11. The term "Membership" shall mean membership in the Association as set forth in Article IV of the Articles of Incorporation. The term "Member" shall mean the person holding or designated to hold such membership in good standing. The Developer and its successors shall not be members.

Section 12. The term "Board" shall mean the duly elected and acting Board of Directors of the Association.

Section 13. The term "Person" or "Entity" shall mean and include any individual, corporation, partnership, association or other legal entity recognized by the laws of the State of New Mexico.

Section 14. The term "Developer" shall mean the Angel Fire Corporation and any of its successors or assigns, engaged in developing the Resort or any portion thereof.

ARTICLE II
PRINCIPAL OFFICE

The principal office of the Association shall be located at such place in the Angel Fire community as the Board shall from time to time designate by resolution.

ARTICLE III
MEMBERSHIP

Section 1. Each Owner of a homesite within the Development, except the Developer, shall be a member of the Association.

Section 2. Each Owner who is a member shall remain a member until he no longer qualifies as such under Article I, Section 11 above.

Section 3. The Board may provide for the issuance of certificates evidencing membership in the Association which shall be in such form as determined by the Board. The name and address of each member shall be entered in a Membership register maintained by the Secretary.

Section 4. If more than one person owns a residential homesite, all of said persons shall be deemed to be one member. Only one of the persons constituting that jointly held membership may cast its vote, and then only if an agreement signed by all persons constituting that jointly held membership so designates that person, and that agreement is filed with the Secretary at least ten (10) days in advance of the casting of the vote. Any such agreement shall stand unless or until it has been modified and filed in a like manner. If other than the designated voter attempts to cast a vote, either singly or in addition to the designated voter, the vote of the member shall be invalidated.

The Developer and its successors shall not be able to vote any lots or undeveloped real property owned by it in any election or vote held by the Association. The Developer and its successors shall be non-voting members of the Association.

Section 5. The Secretary shall have the right to demand proof of homesite ownership prior to accepting a person or entity as a member.

Section 6. Notwithstanding other provisions herein, property owners shall not have the exclusive right to use of the amenities.

ARTICLE IV
MEETINGS OF MEMBERS

There shall be two types of meetings of members: Regular meetings, of which the annual meeting shall be one, and special meetings. The

conduct of all meetings of members shall be guided by "Roberts Rules of Order."

Section 1. Regular Meetings.

a. Annual Meeting. The first annual meeting of the Members shall be held within ninety (90) days from the date of closing of the sale of the ANGEL FIRE RESORT to ANGEL PROJECTS I, L.P., and the first subsequent regular annual meeting of the Members shall be held at a time to be established by the Board of Directors. Thereafter, regular annual meetings shall be held during the same calendar month each year at a time to be established by the Board of Directors, and notice of those meetings given to members by first class mail, prepaid.

The principal purpose of the annual meeting shall be to elect directors to fill declared vacancies, and to seat the new Board of Directors for the ensuing year. However, other business may also be conducted at the annual meeting. Procedures shall be as follows:

(1) Not more than 45 days nor less than 30 days prior to the Annual Meeting, a Board of Directors meeting shall be held at which time nominations for membership on the Board of Directors will be accepted. The Election Committee shall make nominations from the floor in accordance with the procedures established in Article VI, Section 2. Additional nominations may be made from the floor by Members. All nominated individuals will be included on the ballot for the Annual Meeting.

(2) Other matters, if any, for which ballots will be cast at the Annual Meeting, shall be individually brought to the floor of the Board meeting [see (1) immediately above] by motion, seconded, and discussed. The actual vote on any such matters shall, however, be postponed until the Annual Meeting.

(3) Voting for candidates for the Board of Directors at the Annual Meeting shall be by secret ballot subject only to such reasonable procedures as may be implemented to preclude duplicate votes and/or voting by unqualified persons.

(4) Voting for the election of members to the Board of Directors, as well as on other matters, at the Annual Meeting shall be determined on a plurality of votes cast by members in good standing.

b. Other Regular Meetings. Other regular meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of one tenth of the members. Procedures shall be the same as for the Annual Meeting.

Section 2. Special Meetings.

Special meetings are characterized by not providing for the actual attendance of members. At the discretion of the Board of Directors, in addition to regular meetings wherein all members are requested to attend, the Board of Directors may establish voting days wherein all votes cast during such period will count toward a quorum for the taking of action as if a regular meeting had been convened. The following procedures shall apply to such meetings:

a. Notice-Contents: Not less than thirty (30) days prior to any voting days, the Board of Directors shall cause to be delivered to each Member by mail (determined on the date of such notice) a notice containing the following:

- (1) The days and times established for voting;
- (2) The place at which votes may be cast;
- (3) The matters to be voted on, together with the recommendation of the Board on those matters; and
- (4) The time and place of the Board of Directors meeting at which a discussion will be held concerning all issues to be voted on, such meeting to be held not more than twenty (20) days nor less than ten (10) days prior to the voting days.

b. Voting:

(1) Voting shall be by secret ballot subject only to such reasonable procedures as may be implemented to preclude duplicate votes and/or voting by unqualified persons.

(2) Issues voted upon shall be determined on a plurality of votes cast by members in good standing.

Section 3. Quorum. The quorum for all regular and special meetings of Members shall be the presence at such meetings in person or by proxy of members in good standing who are entitled to cast one tenth of the votes of the members then outstanding. If the required quorum is not forthcoming at a meeting, the meeting may be adjourned to another time no sooner than one week nor later than forty-five (45) days from the date, or such meeting may be continued for a period not to exceed 48 hours to obtain a quorum.

Section 4. Proxies. Each member in good standing may vote at a regular or special meeting 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 after eleven (11) months unless otherwise expressly provided therein. A proxy also shall be deemed revoked when the Secretary shall receive actual notice of the death or judicially declared incompetence of such Member, upon termination of such Member's status as an owner, or if the Member is not in good standing.

ARTICLE V MEMBERSHIP RIGHTS

Section 1. Subject to the provisions hereof, and of the provisions of the Articles of Incorporation and Covenants and Restrictions, Members shall have the following rights:

a. Each member in good standing with the Association shall be entitled to the use and enjoyment of all Common Facilities and Common Areas within the Development.

b. Each member in good standing shall have the right to designate members of his/her own family that reside with the Member who may use and enjoy the Common Facilities and Common Areas within the Development.

c. The invitees and guests of a member in good standing shall have the right to use and enjoy the Common Facilities and Areas within the Development, to the extent the Common Facilities and Areas permit. Purchaser may offer various incentive programs including discount guest ticket programs to Property Owners for the benefit of their guests.

Section 2. The right of use and enjoyment hereunder, shall at all times be subject to all existing published rules and regulations promulgated by the Board of Directors and resort owners, and shall at all times be subject to the Supplemental Declaration. The Board shall have the right to suspend the use and enjoyment of any Common Facility or Area for the failure of a person to comply with such rules and regulations and Supplemental Declaration, provided, however, that such suspension shall only be imposed after such person has been notified in writing and has been offered a reasonable opportunity to be heard by the Board.

ARTICLE VI BOARD OF DIRECTORS

Section 1. The affairs of the Association shall be managed by a Board of nine (9) Directors, each of whom must be a Member of the Association in good standing. The first elected regular Board of Directors shall serve terms of one, two, or three years, or until their respective successors for these terms are elected, or until their death, resignation or removal, whichever is the earlier. At the expiration of these first terms, new Board members shall be elected for three year terms. The Developer will be entitled to have one ex-officio, non-voting member of the Board of Directors.

No director shall serve for more than two (2) successive three (3) year elective terms; however, in the event that a person begins his/her tenure on the Board by filling a vacancy as an appointee, the maximum continuous tenure shall be seven (7) years.

No director shall be an employee of, nor receive compensation for any services he/she renders to, the Developer or its successors.

Not less than six (6) weeks prior to each annual meeting, the Board of Directors shall determine the number of directors to be elected.

Section 2. Method of Nomination. Candidates for election shall file a Petition for Candidacy, signed by not less than ten (10) Members in good standing, with the Elections Committee at least five (5) weeks before the annual meeting. The Elections Committee shall provide all members with a ballot containing the names of all bona fide candidates not less than three (3) weeks before the annual meeting.

Section 3. Method of Election. Election shall be by secret written ballot either at the annual meeting or delivered to the Chairman of the Elections Committee prior to the start of the annual meeting. Members in good standing may cast, in respect to each vacancy, one vote for each homesite. Cumulative voting shall not be permitted. Those persons receiving a plurality of votes cast shall be elected.

Section 4. Resignation and Removal. The unexcused absence of an elected director from two (2) consecutive regular meetings of the Board shall be deemed a resignation. *Any elected director may be removed from the Board, with or without cause, by a majority vote of a quorum of the members of the Association. "Unexcused Absence" shall mean absence

without reasonable cause as defined by the Board, and prior notice to the Board of Directors.

Section 5. Vacancies. In the event of death, resignation or removal of an elected director, his successor shall be selected by the remaining elected directors and shall serve until the next election of directors.

Section 6. Compensation. No director shall receive compensation for any service he may render to the Association as a director. However, any director may be reimbursed for actual expenses incurred in the performance of his/her duties, to the extent that those duties for, and the rate at, which reimbursement is to be provided have been priorly determined by the Board. No director shall be an employee of the Association nor contract with the Association.

ARTICLE VII BOARD MEETINGS

Section 1. Regular meetings of the Board shall be held quarterly, one of which shall immediately follow the annual meeting of the membership, and the others at such place and hour as may be fixed annually by resolution of the Board at the annual meeting. Any change must be publicly announced at least thirty (30) days in advance by local newspaper or mail.

Section 2. Special meetings of the Board shall be held when called by the President or at the request of any three (3) directors after not less than ten (10) days notice to each Director and the public by local newspaper or mail.

Section 3. A majority of the number of directors shall constitute a quorum for the transaction of business.

Section 4. All meetings of the Board shall be open to observers, except the president may call the Board into executive session on matters of personnel, legal actions, or for hearings on infractions of published rules and regulations. *Any action taken by the Board in executive session shall be recorded in the minutes of the Association. The conduct of all Board meetings shall be guided by "Roberts Rules of Order."

Section 5. The directors shall have the right to take any action in the absence of a meeting which they could take at a regular or special meeting by obtaining the written approval of all of the directors. Any action so taken shall have the same effect as though taken at a regular or special meeting of the directors, and shall be recorded in minutes in the same manner as if a meeting had been held.

**ARTICLE VIII
DUTIES AND POWERS OF THE BOARD**

Section 1. To judiciously exercise all powers vested in the Board under these By-Laws, the Articles of Incorporation, the Covenants and Restrictions, Supplemental Declaration, and under the laws of the State of New Mexico.

Section 2. To elect, appoint, and remove all Officers of the Association, provided that the removal of elected officers shall be by a vote of not less than a 2/3 majority of the directors at a regular or special meeting.

Section 3. To appoint and remove, in accordance with rights vested in the Association pursuant to the Covenants and Restrictions, members of the Environmental and Architectural Control Committee provided for in Article II, Paragraph (c), of the Articles of Incorporation. Each member of the Environmental and Architectural Control Committee shall hold office until such time as he has resigned, has been removed, or his successor has been appointed by the Board.

Section 4. To appoint such agents and employ such employees, including attorneys and accountants, as it feels necessary to assist in the operation of the Association, and to specify their duties and establish their compensation.

Section 5. To adopt and establish rules and regulations governing the use of the Common Facilities and Common Areas, and to take such steps as it deems necessary for the enforcement of such rules and regulations, subject to the provisions of the Supplemental Declaration.

Section 6. To establish a means for evidencing membership in the Association.

Section 7. To establish different types of membership and to put restrictions upon membership benefits if the Board from time to time deems it necessary or beneficial.

Section 8. To enforce all applicable provisions of the Covenants and Restrictions, Supplemental Declaration, Articles of Incorporation, these By-Laws, and other regulations relating to the management and use of the Common Facilities and Common Areas within the Resort.

Section 9. To contract and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association.

Section 10. To contract and pay for maintenance, landscaping, utilities, materials, supplies, labor and services, that may be required from time to time in relation to Association Property, and the Common Facilities and Common Areas within the Development.

Section 11. To pay all taxes, special assessments and other assessments and charges that are or may become the responsibility of the Association, which are or would become a lien on Association Property. To approve any new encumbrances or liens on any of the Amenities within the resort that the Developer, its successors in interest or assigns, may attempt to put on the properties or the facilities which would be consistent with the Supplemental Declaration.

Section 12. To contract for and pay for construction or reconstruction of Association property damaged or destroyed.

Section 13. To, if and when the Board deems it appropriate, grant concessions to be operated, in conjunction with the use of the Common Facilities, provided, however, any such concession shall not exceed a term of five (5) years without the prior approval of the Membership.

Section 14. To, in accordance with the Supplemental Declaration, establish the method for calculating the amount of yearly assessment dues to be paid by the members of the Association and to levy and collect those assessments, and to establish and collect reasonable annual assessments for the use of any or all of the Common Facilities and maintenance of the integrity of the Supplemental Declaration as the Board may deem necessary or desirable from time to time for the purpose of equitably allocating among the property owners and the public the cost of operation thereof.

The method for calculating the amount of the assessments will be based upon the percentage of use of the Amenities by the members compared to that of the general public. These figures will be kept by the Developer or its successors in interest along with the information on the income generated from the use of all Amenities, which will be annually audited and submitted to the Board. In addition, the Developer or its successors in interest shall, no less than three (3) months prior to the beginning of the amenity year, submit a proposed operating budget, including the proposed yearly assessment amounts that individual property owners shall pay, and a list of the total amount of dues assessed. The Board shall have the right to review and approve said budget. The reasonableness of the annual assessment in the budget will be based on: 1) the pro rata share of the Members' versus the general public's use of the Amenities (broken down by amenity), compared to the income generated by each; and 2) the estimated operating expenses (by amenity), using the consumer price index as the basis for raising dues if necessary. This information will assist the Board in determining whether or not the Members' assessments should be increased or decreased for the following fiscal year.

Section 15. To perform all acts required of it under the Covenants and Restrictions, including but not limited to the enforcement of collection of the assessments, the hiring and designation of a collection agent, and enforcement of the Land Use Easement granted to the Association and the Members in the Supplemental Declaration.

Section 16. To limit the amount and the number of increases in assessments charged to the members of the Association.

Section 17. To serve in an advisory capacity on issues such as operating programs, annual budgets, and capital improvements which fit within the limitations described herein. Specifically, the Board shall have the right to review the Developer's amenities operating and capital budgets prior to the amenity year in which annual assessment monies are contemplated to be spent. Further, the Board shall have veto power over any operating budget which proposes an increase in annual assessments over and above the CPI for normal operations and maintenance of the amenities.

Section 18. To maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals obtain an independent audit of such books, a copy of which shall be made available to each member within thirty (30) days after completion.

Section 19. To appoint such committees as it deems necessary from time to time in connection with the affairs of the Association.

ARTICLE IX OFFICERS

Section 1. The Board-elected officers of the Association shall be members of the Association and shall consist of a president, vice president, secretary, and treasurer. If a member is a partnership, corporation or other legal entity under New Mexico law, then the member's employees shall qualify to be officers. Board-elected officers shall not hold any given office for more than three (3) successive one (1) year terms.

The Association may also have, in accordance with the provisions of Section 3 following, one or more Board-appointed assistant secretaries and/or assistant treasurers, and such other Board-appointed officers, as the Board may from time to time deem necessary. One person may hold two or more elected or appointed offices, except that the offices of president and secretary shall not be held by the same person.

Section 2. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 3 and 5 following, shall be elected annually by the Board, and each shall hold his/her office until he/she shall resign or be removed or otherwise disqualified to serve, or his successor be elected.

Section 3. The Board may appoint, and may empower the president to appoint, such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided for in these By-Laws or as the Board may from time to time determine.

Section 4. Any officer may be removed, either with or without cause, by the Board or by any officer upon whom such power of removal

may be conferred by the Board; provided, however, that no such officer shall remove an officer chosen by the Board. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. A vacancy in any office shall be filled in the manner prescribed in these By-Laws for election or appointment to such office.

Section 6. The President, elected by the Board from among the directors, shall be the chief executive officer of the Association and shall, subject to the will of the Board, have general supervision, direction, and control of the affairs of the Association. He shall preside at all meetings of the Board, and shall have the general powers and duties of management usually vested in the office of President of a nonprofit corporation, together with such other powers and duties as may be prescribed by the Board or these By-Laws.

Section 7. The Vice-President, elected by the Board from among the directors, shall, in the absence of the President, perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restriction upon, the President. The Vice-President shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these By-Laws.

Section 8. The Secretary, elected by the Board from among the directors, shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings and non-meeting actions of Directors and members, as follows:

1) Minutes of director's meetings shall record the time, place, and type of meeting or action, how authorized, the notice given, the names of those present, and the proceedings thereof, including all motions, by whom made and seconded, and whether passed or rejected; and

2) Minutes of Member meetings shall record how authorized, the notice given, the number of members present in person or by proxy, and the proceedings thereof.

The Secretary also shall keep, or cause to be kept, appropriate current records showing the members of the Association, together with their addresses. He shall give, or cause to be given, notice of all meetings of the Board required by the By-Laws or by law to be given, and he shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws.

Section 9. The Treasurer, elected by the Board from among the directors, shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, and disbursements. The books of account shall at all reasonable times be open to inspection by any director or member.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. He shall disburse the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they so request, an account of all his/her transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or these By-Laws.

ARTICLE X COMMITTEES

Section 1. The Board shall appoint an Elections Committee no later than two (2) months prior to the annual meeting date. The committee shall consist of a chairman who shall not be a director, and at least four (4) other members, none of whom need be directors nor shall be candidates for office. It shall be the duty of the Committee to provide supervision of the nomination and election of directors in accordance with procedures adopted by the Board.

Section 2. The Board shall appoint such other committees it deems appropriate to carry out its purpose.

ARTICLE XI FISCAL YEAR

The fiscal year of the Association shall be the amenity year (October 1 through September 30) unless otherwise established by the Board.

ARTICLE XII INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each officer and director of the Association, in consideration of his/her services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, to which he/she may be a party by reason of being or having been a director or officer of the Association. The forgoing right of indemnification shall not be exclusive of any other rights to which the director or officer or person may be entitled by law, or agreement, or vote of the Members or otherwise.

ARTICLE XIII
SPECIAL PROVISION RELATING TO PROPOSALS MADE BY THE DEVELOPER

Section 1. In the event the Developer presents any matter to the Board which requires approval of the Board pursuant to the Supplemental Declaration, and the Board fails to vote on such matter within forty-five (45) days of the date of presentation of the issue by the Developer, the issue presented will be deemed approved.

Section 2. In the event the Developer presents any issue to the Board which, by the terms of the Supplemental Declaration requires the approval of the Membership, and the Board has not presented that issue to the Membership and obtained its vote within ninety (90) days from the date the Developer presents the issue to the Board, the issue presented will be deemed approved.

ARTICLE XIV
MISCELLANEOUS

Section 1. General.

a. All books, records and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any member at the Offices of the Association, and all meeting minutes shall be placed on file at the Angel Fire Community Library and Chamber of Commerce.

b. The Board may, from time to time, employ the services of an Executive Director to manage the affairs of the Association and, to the extent not inconsistent with the laws of the State of New Mexico, and upon such conditions as are otherwise deemed advisable by the Board, the Board may delegate to the Executive Director any of its powers under these By-Laws and the Covenants and Restrictions. In such case, the Board shall, by specific resolution, detail those powers and set a specific sunset date, after which the delegation must be renewed.

c. These By-Laws may only be amended or repealed, and new By-Laws adopted by the members by a plurality vote of a quorum of the Membership. The Articles of Incorporation may only be amended by the affirmative vote of $\frac{2}{3}$ of a quorum of the Membership. The Quorum requirements of Article IV, Section 3 of the By-Laws shall apply to any vote of the Membership under this Section.

d. Any notice or other document 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 seven (7) days after a copy of same has been deposited in the United States mail, postage prepaid, to the last known address of the addressee.

e. In the event a municipality is formed which includes the Development, the members shall have the authority to vote, in accordance with Article IV, to direct the Board to transfer any or all of the

Common Facilities and/or Common areas then under its ownership to the municipality.

Section 2. Inclusions Required by the Amended Joint Plan Confirmed May 31, 1995.

a. There shall be an Initial Board of Directors composed of: Four (4) members of the Property Owners Committee (POC) [later designated to be Rebecca Alzheimer, Ruth Bush, Wayne Jones, and Paul Peppard]; Thomas Mastin, Jr., A. L. Clanton, Robert Dillon, and Bruce Lawrence; and a representative appointed by the Developer who shall serve ex-officio without vote. This Initial Board of Directors shall serve until the first meeting of the members has been held and the first regular Board of Directors has been elected and seated. In so serving, the Initial Board shall have all of the powers and duties of the regular Board of Directors. Further, the Initial Board shall determine the number of directors on the first elected regular Board who shall have one, two, or three year terms.

b. Others currently in good standing who are not property owners-- i.e., the approximately twenty-six (26) memberships previously sold by Fox Benton--shall have the continued right to the same use of the amenities as do property owners upon payment of annual assessments.

c. During the six (6) months following the Closing Date, the Developer may make a one time offer in the form of reduced payment on past due annual assessments to permit delinquent memberships to be reinstated and thus brought into compliance.

d. All existing multiple homesite owners shall be converted to full annual assessment paying status, such conversion to be graduated twenty-five (25) percent per year over the time period commencing October 1, 1995 and ending September 30, 1999, at which time multiple homesite owners shall be required to pay each of the full annual assessments as billed.

e. The Association will cooperate in good faith with the Developer in an attempt to create a structure that will, if legally possible, permit elimination of the New Mexico gross receipts tax on annual assessments. However, once the \$4.5 million capital improvements to the Resort begin and the contracts state a completion date (which completion date shall be prior to the start of the next ski season), then the gross receipts tax shall be implemented in the following annual assessment season (the assessment season which follows the start of the capital improvements); e.g., if \$4 million in lift improvements begin in June, 1996, with a completion date of December 15, 1996, the gross receipts tax on the annual assessment collections may be added directly to the property owners' annual assessment to be paid in the 1996-97 annual assessment season.

f. In the event the Village of Angel Fire or any other public taxing authority or government entity or unit imposes any discriminatory tax increase, levy, assessment, user fee, or similar charge for or on the amenities, such charge shall be added directly to the annual assessment to be paid by property owners.

KNOW ALL MEN BY THESE PRESENCE:

The undersigned, Secretary of the corporation known as The Association of Angel Fire Property Owners, Incorporated, does hereby certify that the above and forgoing amended By-Laws were duly adopted by the Board of Directors on the 2nd day of December, 1995, and are recommended for adoption by the membership of the Association.

THE ASSOCIATION OF ANGEL FIRE
PROPERTY OWNERS, INCORPORATED

By 
Secretary

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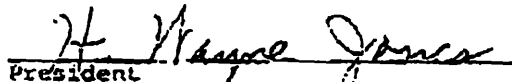
RESOLUTION OF

THE ASSOCIATION OF ANGEL FIRE
PROPERTY OWNERS, INCORPORATED


The following resolution was adopted by a plurality vote of a quorum of the membership of the ASSOCIATION OF ANGEL FIRE PROPERTY OWNERS, INCORPORATED at a meeting of the Membership held on the 27th day of January, 1996, at Angel Fire, New Mexico.

"Be it resolved that the amended By-Laws of the Association of Angel Fire Property Owners, Incorporated be and are adopted as set forth in the attached By-Laws of the Association of Angel Fire Property Owners, Incorporated."

I certify that the forgoing is a true copy of the resolution adopted by the Membership.



President

Witness:


Secretary

