

Filed For Record 9-27-95 at 5:29PM Barbara Castillo, Recorder

**SUPPLEMENTAL DECLARATION OF RESTRICTIVE
COVENANTS AND EASEMENTS**

This Supplemental Declaration of Restrictive Covenants and Easements is made by _____ ("Declarant"), the Property Owners, as further defined herein, and by the Association of Angel Fire Property Owners, Incorporated, as further defined herein, this 21st day of September, 1995.

RECITALS:

A. Declarant is the successor to the developers of a resort in Colfax County, New Mexico, generally known as Angel Fire. Declarant's predecessors as part of that development, over a period of years have subdivided and platted various tracts of real property and filed for record Declarations of Restrictive Covenants in connection with such subdivisions. A list of such subdivisions ("the subdivisions") and the date of recording of the Restrictive Covenants (the "Restrictive Covenants") for each subdivision is attached hereto as Exhibit A.

B. More than 5,600 Homesites have been sold to Property Owners in the Subdivisions. For purposes of this Supplemental Declaration, "Homesites" means any legally constituted lot, tract, parcel, condominium, apartment unit, townhouse unit, timeshare unit, cabinshare unit or acreage which has been subdivided into lots within the Subdivisions, regardless of its designated use for residential, commercial, multi-family or other purposes. For purposes of this Supplemental Declaration, "Property Owner" means the person other than Declarant who owns the legal or equitable title to a Homesite. "Property Owner" does not include a person

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James L. Rasmussen
Kemp, Smith, Dungan & Co.
P.O. Box 1276
Albuquerque, NM 87103-1276

having an interest in a Homesite solely as security for an obligation.

C. Declarant's predecessors, as part of the development of Angel Fire, constructed, and have maintained and operated various Amenities, all as more fully set forth on Exhibit B attached hereto (the "Amenities"). The Amenities are owned by Declarant. The Amenities benefit, and therefore concern, the Homesites. The Amenities are part of a general plan or scheme of improvement for the benefit and complement of all the Subdivisions.

D. The Property Owners and their predecessors have paid an annual assessment to Declarant's predecessors to defray the cost of constructing, maintaining, repairing and operating the Amenities. In the case of nonpayment of this assessment, certain of the Restrictive Covenants have treated the unpaid amount as a lien on the Homesite owned by the delinquent Property Owner. The Property Owners and their predecessors have used the Amenities. These arrangements, whether or not created by express language in the Restrictive Covenants and HUD Disclosures previously filed, have created certain property interests which run with the land and may be variously described as mutual reciprocal equitable easements, implied reciprocal negative easements, implied restrictive covenants, equitable servitudes or equitable easements.

E. On July 10, 1995 the Association of Angel Fire Property Owners, Incorporated (the "Association"), a New Mexico non-profit corporation, was formed. The Association is the successor to the Angel Fire Property Owners Association, a New

Mexico non-profit corporation, formed on March 30, 1973. Every Property Owner, except Declarant, is automatically a member of the Association.

F. On July 9, 1993, Declarant's predecessor sought bankruptcy protection in Case No. 11-92-12179-MA in the United States Bankruptcy Court for the District of New Mexico.

G. On September 20, 1993, the Bankruptcy Court entered an order forming the Angel Fire Property Owners' Committee. The Property Owners' Committee is the representative of the Property Owners in the Bankruptcy case referred to above.

H. On December 17, 1993, the Angel Fire Property Owners' Committee filed Adversary Proceeding No. 93-1392M (the "Lawsuit") in the United States Bankruptcy Court for the District of New Mexico, against the Angel Fire Corporation and others seeking a declaratory judgment in reference to the Amenities and rights of the members of the Association.

I. Declarant, for itself, its successors and assigns, the Property Owners and the Association, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, desire to resolve the Lawsuit and as part of the settlement, to make the covenants and easements applicable to the Amenities uniform, to restate and clarify the implied covenants and easements described in Paragraph D hereof by setting forth express covenants and easements as further described herein, and to provide a land use easement to the Property Owners and the Association pursuant to New Mexico law.

COVENANTS:

1. Covenant Regarding Nature of Declarant's Use of Amenities.

A. As of the date hereof, Declarant is the titled owner of the Amenities. The Amenities shall be used for recreational purposes only. Declarant shall not change the specific recreational use of an Amenity without the consent of the Association. There shall be no residential or commercial construction on the property on which an Amenity is located which is inconsistent with its use and which does not improve, enhance or continue the use of the property consistent with the Amenity. Incompatible residential or commercial (not directly supporting recreational use) construction or proposed changes in a specific recreational use of an Amenity shall be submitted to the board of directors of the Association for approval. The Association's approval of the proposal shall not be unreasonably withheld. Approval of the Association's board of directors shall be conclusive evidence that the proposal complies with the provisions of this paragraph. If such approval is not given, the Association may seek enforcement of this paragraph. Any such action shall be brought within one year from the date the proposal was submitted to the board for approval or it shall be forever time barred.

B. The Amenities identified as the Angel Fire RV Park, Olympic Park, Tennis Courts, Greenbelts, Petting Zoo, and/or stable area may be relocated so long as the new facilities are of like kind, character and nature as the existing Amenities being

relocated and so long as the Association approves the proposed relocation. For purposes of this paragraph, "relocation" includes any act by Declarant to change the use of a Greenbelt. A proposed relocation shall be submitted to the board of directors of the Association for approval. The Association's approval of a relocation shall not be unreasonably withheld. Approval by the Association's board of directors shall be conclusive evidence that the proposed relocation complies with the provisions of this paragraph. If such approval is not given, the Association may seek enforcement of this paragraph. Any such action shall be brought within one year from the date the proposal was submitted to the board for approval or it shall be forever time barred.

C. Declarant shall have the right, but not the obligation, to bring additional Amenities with this Supplemental Declaration. Additions shall be evidenced by a recorded Supplemental Declaration which may contain, with respect to such additional Amenities only, such additions and modifications of these Declarations as may be necessary to reflect the different character, if any, of the additional Amenities but which are not inconsistent with the provisions of this Supplemental Declaration, which may only be modified as provided herein.

D. Declarant will not engage in activities which materially and negatively impact the Property Owners' rights running with the land for the use and enjoyment of the Amenities.

E. Declarant's obligations in this Paragraph 1 shall be a covenant running with the land and shall be binding upon

plus gross receipts tax, if applicable, to be used only for the improvement, maintenance, upkeep, repair and operation of and additions to the Amenities. The initial annual assessment for 1995-1996 shall be as follows:

See Exhibit D attached hereto.

The assessment may be increased by Declarant annually by an amount equal to the increase in the Consumer Price Index (U.S. Government published Consumer Price Index) in effect on May 1st or from an average of prior months, on May 1st of each year.

B. If any assessment is not paid in full when due, Declarant may charge a late fee of \$15 per month and the unpaid portion shall bear interest from the due date at the rate of eight percent per annum, or at such other rate as may be determined from time to time by the Association in conformance with New Mexico law.

C. The property Owner's obligations under this Paragraph 3 shall be a covenant running with the land and shall be binding upon the Property Owner and upon all parties having or acquiring any right, title or interest in a Homesite owned by Property Owner. Declarant or the Association, as may be agreed between them, may enforce the provisions of this Paragraph 3.

4. Covenant Relating to Special Assessments.

A. In addition to the annual assessment, Declarant may, subject to the limitations contained in Paragraph 4(B), levy a special assessment for capital improvements to the Amenities against the Property Owners and Property Owners agree to pay said special assessment. Any special assessment not in compliance with

Declarant and upon all parties having or acquiring any right, title or interest whether by purchase, lease or grant in the Amenities. In the event that a portion of the Amenities is transferred by Declarant to another person or entity, Declarant and the transferee shall make arrangements to apportion the assessments described in paragraph 3 and 4 hereof between transferred and un-transferred Amenities. Such arrangement must be approved by the Association prior to the transfer. The Association's approval of such arrangement shall not be unreasonably withheld.

2. Covenant Relating to Use of Amenities by Property Owners.

Every Property Owner and his or her spouse and dependent children shall have the right to use the Amenities upon the terms and conditions set forth herein and subject to the rules and regulations described in Paragraph 6 hereof. The right of use granted in this Paragraph 2 shall be a covenant running with the land and a negative easement in favor of the Property Owners and shall be binding upon Declarant and upon all parties having or acquiring any right, title or interest in the Amenities; provided, however, that a Property Owner's right to use the Amenities may be suspended or terminated for failure to comply with his obligations pursuant to Paragraphs 3 and 4 or for failure to comply with the rules and regulations described in Paragraph 6.

3. Covenant Relating to Payment of Annual Assessment by Property Owners.

A. Declarant shall assess and the Property Owner of each Homesite shall pay to Declarant a nonrefundable annual assessment,

Paragraph 4(B) may only be done with the consent of the Association. Declarant and the Association shall agree to the amount, payment terms and other details related to any special assessment.

B. The limitations contained in Section 4.16(g) in the Plan of Reorganization for Jointly Administered Debtors Filed by Bill J. Sholer, Trustee, Parker Town Square, Inc., Angel Fire Property Owners' Committee, and Tom Mastin, Robert Dillon, Bruce Lawrence and A.L. Clanton, dated on or about April 20, 1995, filed in In re Angel Fire Corporation, No. 11-93-12176 MA, Jointly Administered, on file with the Clerk of the United States Bankruptcy Court, P.O. Box 546, 421 Gold Avenue, S.W., 3rd Floor, Albuquerque, NM 37103, are applicable to any special assessment, and are specifically incorporated herein by reference. The limitations are set forth in Exhibit E attached hereto.

5. Land Use Easement. Pursuant to the Land Use Easement Act, Sections 47-12-1 NMSA 1978 et seq., the Association and the Property Owners are hereby granted a land use easement in the Amenities and pursuant to said easement, the Association shall be obligated to protect the natural or open space values of the Amenities, to assure the availability of the Amenities for forest, recreational or open space use, and to maintain the productive uses of the Amenities. The parties acknowledge and agree that these purposes are served by the enforcement of the covenants and easements described in this Supplemental Declaration and by fulfillment by the Association of its obligations under Paragraphs

rules of the American Arbitration Association. The decision of the panel shall be final and binding.

C. Declarant shall adopt and publish reasonable rules and regulations relating to the billing procedures for the annual assessment, increase in the assessment pursuant to the Consumer Price Index, and enforcement of the assessment.

7. Term. These Restrictions do and shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them from the date of filing hereof in perpetuity, unless an instrument, signed by a majority of the then Property Owners and by Declarant, has been recorded agreeing to change the covenants in whole or in part.

8. Modification of Existing Declarations of Record.

A. The provisions of this Supplemental Declaration shall replace and supersede any and all provisions in the Restrictive Covenants which relate to the Amenities, the use of the Amenities, assessments in connection with the Amenities, and rights or obligations of the Association in reference to the Amenities, except that nothing herein shall affect any easements or rights-of-way for ingress or egress or for utilities which may be granted by the Restrictive Covenants in connection with the Amenities.

B. The Association described herein shall replace for all purposes the Association described in the Restrictive Covenants and whenever reference is made to the Association in the Restrictive Covenants said reference shall be deemed to mean the Association described herein. To the extent that any provision of

1 and 6 hereof. The Association is hereby expressly empowered to enforce any term of the easement created by this Paragraph 5. The easement created by this Paragraph 5 shall be a covenant running with the land and an easement binding upon all parties hereto,

6. Enactment of Rules and Regulations.

A. Declarant and the Association have adopted rules and regulations relating to the use of the Amenities by the Property Owners. Declarant may modify the rules and regulations from time to time, so long as such modifications are reasonable and not inconsistent with the rights of the Property Owners or the Association under Paragraphs 1 and 5 above. Declarant and the Association agree that the rules and regulations shall be amended whenever necessary to comply with safety restrictions, insurance requirements or regulatory requirements imposed by local, state or federal authorities applicable to all or part of the Amenities.

B. In the event that Declarant and the Association cannot agree on a modification, then either party may request that the matter be decided by arbitration conducted by a panel of three persons. Declarant shall choose one panel member within 15 days of the date of the request, the Association shall choose one panel member within 15 days of the date of the request, and those two members shall choose the third panel member within 30 days of the date of the request. No panel member may be a director, officer or employee of the parties or a member of the Association. Except as provided herein, the arbitration shall be conducted pursuant to the

the Restrictive Covenants relating to the Association conflicts with the provisions of this Supplemental Declaration, the provisions of this Supplemental Declaration shall control.

C. Except as described in this Paragraph 8, the Restrictive Covenants shall remain in full force and effect according to their terms.

9. Declarant, for itself, its successors and assigns, further agrees and covenants that no mortgage, lien or encumbrance of any nature will be granted in the existing Amenities unless the Association has consented to the granting of such mortgage, lien or encumbrance. The Association may not withhold its consent to a proposed loan secured by a mortgage, lien or encumbrance if it is demonstrated that the annual cash flow from the Amenities is equal to or exceeds 125% of the annual debt service of the proposed loan plus all previously existing loans which are, or are to be, secured by any mortgage, lien or encumbrance against the amenities, or if the proposed loan plus all previously existing loans does not exceed 80% of the value of the proposed collateral.

10. Mutuality of Benefit and Obligation. The Restrictions and Covenants set forth herein are made for the mutual and reciprocal benefit of each and every Homesite in the Subdivisions and are intended to create mutual, equitable servitudes upon each of said Homesites in favor of each and all of the other Homesites; to create reciprocal rights between the respective Property Owners of all of said Homesites; to create a privity of contract and

estate between the grantees of said Homesites, their heirs, successors and assigns, and shall, to the Property Owners and the Declarant, their heirs, successors and assigns, operate as covenants running with the land for the benefit of each and all other Homesites in the Subdivisions and their respective Property Owners; provided, however, that the Property Owners irrevocably appoint the Association, and the Association hereby accepts such Appointment, as their sole and exclusive agent for purposes of enforcing the provisions of Paragraphs 1 and 5 hereof and no Property Owner shall have an individual right to enforce the provisions of said paragraphs.

11. Non-Severability. The Restrictions and Covenants set forth herein are made for the mutual and reciprocal benefit of the Property Owners, Declarant and the Association and are intended to create mutual, equitable servitudes upon the Property Owners, Declarant and the Association, their heirs, successors and assigns. Said Restrictions and Covenants are not severable.

12. The provisions of this Supplemental Declaration of Restrictive Covenants and Easements may not be changed unless an instrument, signed by a majority of the then Property Owners and by Declarant, has been recorded agreeing to change the covenants in whole or in part.

IN WITNESS WHEREOF, the Declarant, Property Owners and the Association have executed this Supplemental Declaration on the day, month and year set forth above.

Declarant

ANGEL PROJECTS, LLC

By Trevor Bond
its Vice President

PROPERTY OWNERS
By Property Owners' Committee

By _____
its _____

THE ASSOCIATION OF ANGEL FIRM
PROPERTY OWNERS, INCORPORATED

By _____
its President

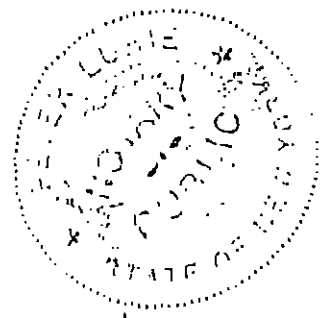
STATE OF NY)
COUNTY OF NY) ss.

The foregoing instrument was acknowledged before me this 21
day of September, 1996, by Trevor Bond
its Vice President, Declarant

Peter Lurie
NOTARY PUBLIC

My Commission Expires:
11/21/96

PETER LURIE
Notary Public, State of New York
No. 02LUS036335
Qualified in New York County
Commission Expires 11/21/96



Declarant

By _____
Its _____

PROPERTY OWNERS
By Property Owners' Committee

By H. Wayne Jones
Its Chairman

THE ASSOCIATION OF ANGEL FIRE
PROPERTY OWNERS, INCORPORATED

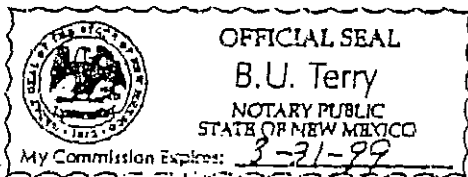
By H. Wayne Jones
Its President

STATE OF New Mexico)
COUNTY OF Cobax) SS.

The foregoing instrument was acknowledged before me this 12th
day of August, 1998, by H. Wayne Jones
its _____, Declarant.

B.U. Terry
NOTARY PUBLIC

My Commission Expires:
3-31-99

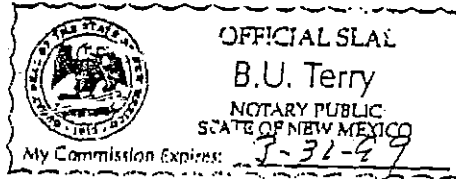


STATE OF New Mexico)
COUNTY OF Colfax) SS.

The foregoing instrument was acknowledged before me this 12th
day of August, 1995, by H. Wayne Jones,
its _____ by Property Owners by Property
Owners' Committee.

B.U. Terry
NOTARY PUBLIC

My Commission Expires:
3-31-99



STATE OF New Mexico)
COUNTY OF Colfax) SS.

The foregoing instrument was acknowledged before me this 12th
day of August, 1995, by H. Wayne Jones,
its _____ of The Association of Angel Fire
Property Owners, Incorporated, on behalf of said association.

B.U. Terry
NOTARY PUBLIC

My Commission Expires:
3-31-99

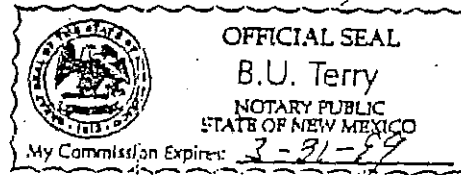


Exhibit A

<u>Subdivision</u>	<u>Dates on Which Restrictive Covenants were Recorded</u>
Monte Verde Unit 1	August 5, 1975
Monte Verde Unit 2	October 26, 1966
Monte Verde Unit 3	November 7, 1968
Monte Verde Unit 4	No Restrictive Covenants Filed
Monte Verde "V" Unit 1	No Restrictive Covenants Filed
Monte Verde Lake Unit 1	April 4, 1967
Angel Fire Village Unit 1 (Residential)	March 31, 1967
Angel Fire Village, Unit 1 (Commercial Area and Apartment Sites)	March 31, 1967, Amendment Recorded May 24, 1976
Angel Fire Village Unit 2	March 31, 1967
Angel Fire Village Unit 2 (Commercial Area and Apartment Sites)	March 31, 1967
Angel Fire Village Unit 3 (Commercial Area and Apartment Sites)	April 4, 1967
Angel Fire Village Unit 4 (Residential)	August 13, 1968
Angel Fire Village Unit 5	December 14, 1983
Angel Fire Village Unit 6	No Restrictive Covenants Filed
Angel Fire Country Club Unit 1	February 21, 1973
Angel Fire Country Club Unit 1A amended	October 15, 1982
Angel Fire Country Club Unit 1B amended	October 31, 1984, Amended Declaration Recorded April 5, 1985; Amended Declaration Recorded August 9, 1985

Angel Fire Country Club Unit 2	August 17, 1973, Revoked October 31, 1984
Angel Fire Country Club Unit 3	August 17, 1973
Angel Fire Country Club Unit 3A amended	October 15, 1982
Angel Fire Country Club Unit 4	No Restrictive Covenants Filed
Angel Fire Country Club Unit 1 amended	August 25, 1978
Angel Fire Country Club Unit 2 amended	August 25, 1978
Angel Fire Country Club Unit 1 re-amended	April 13, 1981
Angel Fire Country Club Unit 2 re-amended	April 13, 1981
Angel Fire Chalets Unit 1	August 17, 1973
Angel Fire Chalets Unit 1A amended	October 15, 1982
Angel Fire Chalets Unit 2	August 17, 1973
Angel Fire Chalets Unit 2A amended	April 24, 1978
Angel Fire Chalets Unit 2B amended	April 24, 1978
Angel Fire Chalets Unit 2C amended	April 24, 1978
Angel Fire Chalets Unit 2D amended	April 24, 1978
Angel Fire Chalets Unit 2E amended	February 23, 1981
Angel Fire Chalets Unit 2F amended	February 23, 1981
Angel Fire Chalets Unit 2G amended	October 15, 1982
Angel Fire Chalets Unit 2H amended	October 15, 1982
Angel Fire Chalets Unit 2J	No Restrictive Covenants Filed
Angel Fire Chalets Unit 3	August 17, 1973, Supplemental Declaration Recorded December 16, 1976
Angel Fire Chalets Unit 3A amended	No Restrictive Covenants Filed

Angel Fire Chalets Unit 3B amended	No Restrictive Covenants Filed
Angel Fire Chalets Unit 4	November 1, 1984
Angel Fire Chalets Unit 4A amended	No Restrictive Covenants Filed
Angel Fire Chalets Unit 5	No Restrictive Covenants Filed
Angel Fire Chalets Unit 5A amended	No Restrictive Covenants Filed
Angel Fire Chalets Unit 6	No Restrictive Covenants Filed
Angel Fire Grants Unit 1	August 17, 1973, Amended Declaration Recorded April 21, 1981
Angel Fire Grants Unit 1A	No Restrictive Covenants Filed
Angel Fire Mobile Home Estates Unit 1	August 17, 1973
Angel Fire Village North	December 30, 1981
Angel Fire West Village	October 15, 1982, Revoked February 2, 1983, Declared February 2, 1983
Angel Fire West Village, Loc 5	October 15, 1982
Woodrun Subdivision Unit 1	April 22, 1983
Woodrun Subdivision Unit 2	April 22, 1983
Woodrun Subdivision Unit 3	April 22, 1983
Moreno Valley Land, Third Subdivision, Lots 176, 177, 189, 190 and 197	March 27, 1981
Moreno Valley Land, Third Subdivision, Lots and Portions of Lots (Tracts 174, 175 and 179)	April 1, 1982
Moreno Valley Land, Third Subdivision, Lots and Portions of Lots (Tracts 178 and 188)	November 16, 1983

Exhibit B
The Amenities

All recreational facilities including:

- (a) Angel Fire Ski Mountain
- (b) Angel Fire Golf Course
- (c) Angel Fire Country Club and facilities area
- (d) Angel Fire Olympic Park
- (e) Monte Verde Lake Operation
- (f) Angel Fire Stables area
- (g) Angel Fire Upper and Lower Tennis Courts
- (h) Angel Fire RV Park
- (i) Angel Fire Petting Zoo
- (j) Greenbelt areas consisting of grassy and treed areas, some of which are suitable for use as picnic grounds.

Exhibit C

Reserved for later inclusion of maps.

EXHIBIT "D"

ANGEL FIRE RESORT
New Property Owners Dues Structure

	Number	Annual Dues	Gross Billing
Unimproved Single Family Lot	3,271	350	1,144,850
Condominium Lot Unimproved	2	350	700
Single Family Dwelling	782	750	586,500
Condominium	602	750	451,500
Timeshare Unit	0	1,500	0
Commercial	0	750	0
Multiple Lot Unimproved	600	100	60,000
Multiple Lot Improved	<u>54</u>	100	<u>5,400</u>
	5,311		2,248,950
Estimated Non-Payment Percentage			<u>15.00%</u>
Estimated Net Collections			<u>1,911,608</u>

A new, uniform dues structure will be imposed on all Property Owners as of the Effective Date. The annual membership dues shall be \$750.00 for each single family lot (1st family), \$750.00 for each single family lot (2nd family), \$750.00 for each condominium, \$750.00 for each commercial lot (1st owner), \$750.00 for each commercial lot (2nd owner), \$1,500.00 per unit per year for each timeshare unit, \$350.00 for each unimproved lot, and \$100.00 per each additional unimproved lot for owners of multiple lots, for the dues year beginning October 1, 1995, and shall be adjusted annually thereafter in an amount by which the Consumer Price Index for May 1 of the succeeding year has changed relative to the Consumer Price Index from May 1 of the preceding year. All existing differing dues arrangements shall be canceled and be null and void. The dues year shall commence on October 1, the date on which dues become payable, and terminate on September 30th of the succeeding year. 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 of 1996, with the completion date of December 15, 1996, the gross receipts tax on the Annual Assessment collections may be added directly to the Property Owners' Annual Assessments to be paid by the Property Owners starting in the 1996-97 Annual Assessment Season.

Exhibit E
Limitations on Special Assessments for Capital Improvements

Special Assessments for capital improvements to existing Amenities are subject to the following limitations:

1. Declarant will limit the increase in the Special Assessments to no more than 5% in any one year and 9% cumulative, and to no more than 3% per year increase on average.

2. The temporary capital improvement Special Assessments charges will be imposed at a rate of no more than 3% per year during the membership years 1995, 1996 and 1997. According to the capital improvement budget which provides for improvements totaling almost \$4.5 million, this capital improvement Special Assessment charge would cumulatively total approximately 5% over that period. Capital improvements Special Assessments charges would be deferred during years in which qualifying capital improvements are made and the consumer price index (CPI) measure of inflation exceeds 7%. Capital improvements Special Assessments charges would resume after the CPI falls below 7%. The Declarant may construct capital improvements to existing Amenities in any years in which the CPI increase exceeds 7%.

3. All increases related to capital improvements will be allocated to the members based upon their usage of the Amenities relative to usage by others including the general public.

4. The IRS class life as set forth in the general depreciation system (MACRS) will be used for determining the amortization period over which Special Assessments would be increased related to agreed upon improvements to the Amenities, so

long as the class life is never greater than fifteen (15) years. The Declarant shall use a cost basis for determining any appropriate Special Assessment increases.

5. All increases in Special Assessments related to capital improvements over and above those mentioned in this section will require Association board approval.

6. No Special Assessments increases related to capital improvements will be assessed to multiple lot owners until the members have been phased into a full Annual Assessment paying category and have use privileges.

7. No Special Assessment increase related to capital improvements will be assessed until the capital improvement is fully in service.

8. The limited Special Assessment increase will terminate when the improvement has been amortized as defined herein.

9. Declarant will review with the Association a deferral of Special Assessment increases related to capital improvements in the event that inflation causes the CPI to increase to 7% or more.

10. There will be no new user fees in categories where there are existing Amenities for Property Owners other than those that are currently in effect, e.g., cart use fees.

11. The definition of a "capital improvement" to an existing Amenity for which Property Owners' Special Assessment will increase should include an expenditure that would do any of the following:

a. Increase the capacity or use of an existing
Amenity; or

b. Provide an additional service to those using the
Amenities; or

c. Increase the quality of the experience of those
using the Amenities while following a generally accepted accounting
definition of a capital expenditure.