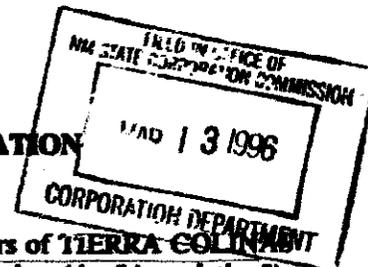


**BYLAWS  
OF  
TIERRA COLINAS HOMEOWNERS ASSOCIATION**



These Bylaws are made for the purpose of managing the affairs of TIERRA COLINAS HOMEOWNERS ASSOCIATION, a New Mexico non-profit corporation (the "Association"), consistent with the Declaration of Covenants, Conditions, Restrictions, Easements and Charges for Tierra Colinas Subdivision (hereinafter referred to as the "Restrictions"), as they may be amended from time to time and the Articles of Incorporation of this Association (the "Articles").

**ARTICLE 1  
Offices**

1.1 Principal Office. The principal office for the transaction of business of the Association is hereby fixed and located at 1909 Carlisle Blvd., NE, Albuquerque, in the County of Santa Fe, NM 87110. The Board of Directors (the "Board") is hereby granted full power and authority to change the place of the principal office to another location within the State of New Mexico.

**ARTICLE 2  
Members' Meetings**

2.1 Place of Meetings. All meetings of the members shall be held within the Tierra Colinas subdivision or at such other place within the County of Santa Fe, New Mexico, as designated from time to time by resolution of the Board or written consent of all members of the Board. During any time no adequate facility is available within the subdivision, the Board may designate a meeting place outside the subdivision but as close thereto as practicable.

2.2 Annual Meetings. The annual meeting of the members shall be held on the 4th Tuesday of January of each year if not a legal holiday, and if a legal holiday, then on the next succeeding business day at the hour of 7:00 p.m., at which time the members shall elect a Board, consider reports of the affairs of the Association, and transact such other business as may properly be brought before the meeting. The date and time of the annual meeting may be changed by resolution of the Board.

2.3 Special Meetings. Special meetings of the members, for any purpose or purposes whatsoever, may be called at any time by the President, or by the Board or by any two or more members thereof, or by one or more members holding not less than twenty-five percent (25%) of the voting power of the Association.

2.4 Notice of Meetings. Notice of meetings, annual or special, shall be given in writing to the members entitled to vote by the Secretary or the Assistant Secretary, or if there be no such officer, or in a case of his neglect or refusal, by any director or member.

Such notices shall be sent to the members' address appearing on the books of the Association, or supplied by him to the Association for the purpose of notice, not less than ten (10) days before such meeting.

Notice of any meeting of members shall specify the place, the day and the hour of meeting, and in case of special meeting, in the manner provided by law, shall state the general nature of the business to be transacted.

Notice of the business to be transacted shall also be given for any meeting at which the following matters are to be considered:

- (a) Lease or transfer of all or substantially all of the Association's assets;
- (b) Merger with another corporation;
- (c) Amendment of the Restrictions or Articles;
- (d) Dissolution of the Association; or
- (e) Plans for distribution of assets in connection with dissolution.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

2.5 Consent to Members' Meetings. The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

*Waiver  
of Notice*

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2.6 Quorum. Members having twenty-five percent (25%) of votes either present in person, or represented by proxy, shall be a requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by law, by the Restrictions, by the Articles, or by these Bylaws. If, however, such majority shall not be present or represented at any meeting of the members, the members entitled to vote, present in person, or by proxy, shall have power to adjourn more than thirty (30) days from the date of the adjourned meeting, until the requisite number of votes shall be present. At such adjourned meeting at which the requisite number of votes shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.7 Voting Rights: Cumulative Voting. Only members whose names stand on the records of the Association as entitled to vote on the day of any meeting of members, unless

some other day be fixed by the Board for the determination of members of record, then on such other day, shall be entitled to vote at such meeting.

Every member entitled to vote shall be entitled to the votes as set out in the Restrictions, except that for the election of directors each member shall be entitled to a number of votes equal to the number of directors to be elected, multiplied by the number of votes which he is entitled to vote.

The election of directors shall be by secret written ballot.

2.8 Proxies. Every person entitled to vote or execute consents shall have the right to do so, either in person, or by an agent or agents authorized by written proxy, executed by such person or his duly authorized agent and filed with the Secretary of the Association. The manner of execution, revocation, and use of proxies shall be governed by the general provisions of law.

2.9 First Members' Meeting. The first regular meeting of members shall be held within one year after the conveyance of the first Lot to an Owner other than Declarant or a successor or assignee thereof.

### ARTICLE 3 Directors; Management

3.1 Powers. Subject to the limitation of the Restrictions, Articles, Bylaws and the laws of the State of New Mexico as to actions to be authorized or approved by the members, all corporate powers shall be exercised by or under authority of, and the business and affairs of this Association shall be controlled by the Board.

3.2 Number of Directors. The number of Directors of the Association shall initially be three. TOTAL OF 5 PER ART OF INC #5

3.3 Election and Tenure of Office. At the first meeting of members, one member of the Board shall be elected to serve a one-year term. The remaining members of the Board shall be elected for two-year terms and all subsequent elections for membership to the Board shall be for two-year terms. Their term of office shall begin immediately after election.

3.4 Vacancies. Vacancies on the Board may be filled by a majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

The members may elect a Director to fill any vacancy not filled by the Directors and may do so at an annual meeting or special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, in case of an amendment to these Bylaws increasing the number of

Directors, or in case the members fail, at any time, to elect the full number of authorized Directors.

If the Board accepts the resignation of a Director tendered to take effect at a future time, the Board shall have the power to appoint a successor to take office when the resignation shall become effective.

No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

3.5 Removal of Directors. The entire Board or any individual Director may be removed from office by a two-thirds (2/3) vote of the members at a special meeting called for that purpose.

3.6 Place of Meetings. Meetings of the Board shall be held within the subdivision, as designated for that purpose from time to time by resolution of the Board or written consent of all members of the Board. During any time that no adequate facility is available to hold such a meeting within the subdivision, the Board may designate a meeting place outside the subdivision, but as close thereto as practicable. Any meeting shall be valid, wherever held, if held by the written consent of all members of the Board, given either before or after the meeting, and filed with the Secretary of the Association.

3.7 Organizational Meetings. The organizational meeting of the Board shall be held each year immediately following the adjournment of the annual meeting of the members.

3.8 Other Regular Meetings. Regular meetings of the Board shall be held immediately following the adjournment of the annual meeting of the members and at least quarterly, on dates to be set from time to time by the Board.

If said day for the meetings, except for the meeting that immediately follows the annual meeting of the members, shall fall upon a holiday, such meetings shall be held on the next succeeding business day thereafter. Notice of the time and place of annual, regular or special meetings of the Board shall be mailed or delivered to all members, or posted in at least one prominent place within the subdivision at least ten (10) days prior to such meetings.

3.9 Special Meetings -- Notices. Special meetings of the Board for any purpose or purposes shall be called at any time by the President, or if he is absent or unable or refuses to act, by any Vice President, or by any two Directors.

Written notice of the time, place and nature of any special business to be considered by special meetings shall be posted in the manner as provided for regular meetings at least three days prior to the time of the holding of the meeting, delivered personally to the Directors or sent to each Director by letter or by telegram, charged prepaid, addressed to him at his address as it is shown on the records of the Association, or if it is not so shown on such records or is not readily ascertainable, at the place in which the meetings of the Directors are regularly held.

10 DAY  
Notice  
Regular or  
Special

Special Mtg  
3 day  
Notice  
To  
Directors

In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal office of the Association is located at least four days prior to the time of the holding of the meeting. In case such notice is delivered personally as above provided, said delivery shall be at least three days prior to telegraphing or delivery as above provided and shall be due, legal and personal notice to such Director.

3.10 **Waiver of Notice.** When all the Directors are present at any Directors' meeting, however called or noticed, and sign a written consent thereto on the records of such meeting, or, if a majority of Directors are present, if those not present sign, in writing, a waiver of notice of such meeting, whether prior to or after the holding of such meeting, which said waiver shall be filed with the Secretary of the Association, the transactions thereof are as valid as if had at a meeting regularly called and noticed. ?

3.11 **Meetings by Telephone.** With the consent of all the Directors, meetings may be held by conference telephone or by other communication method which allows all Directors to have vocal communication.

3.12 **Notice of Adjournment.** Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

3.13 **Quorum.** A majority of the number of Directors as fixed by the Articles or Bylaws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any properly held meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a majority of the Directors present, in the absence of a quorum, may adjourn from time to time, but may not transact any business.

3.14 **Right of Attendance at Meetings.** All meetings of the Board and committees of the Board shall be open to all members provided that members who are not members of the Board may not participate in any deliberation or discussion unless authorized expressly by the vote of a majority of a quorum of the Board. The Board may, however, with the approval of a majority of a quorum of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, or potential litigation involving the Association, and business of a similar nature. The nature of all business to be considered at any executive session shall first be announced in the open meeting. \*

#### ARTICLE 4 Officers

4.1 **Officers.** The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Association may also have, in the discretion of the Board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of this Article. One person may hold two or more offices, however, no person may simultaneously hold the positions of President and Secretary.

4.2 Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 4.3 or 4.5 shall be chosen annually by the Board, and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

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

4.4 Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board.

Any officer may resign at any time by giving written notice to the Board or to the President, or to the Secretary of the Association. 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.

4.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

4.6 President. The President shall be the Chief Executive Officer of the Association and shall, subject to the control of the Board, have general supervision, direction and control of the business and officers of the Association. He shall preside at all meetings of the members and at all meetings of the Board. He shall be ex officio, a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

4.7 Vice President. In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board, or if not ranked, the Vice Presidents designated by the Board, shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board or Bylaws.

4.8 Secretary. The Secretary shall keep, or cause to be kept, a book of minutes at the principal office of the Association or such other place as the Board may order, of all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, and the number of votes present or represented at Director's meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office a register showing the names of the members and their addresses; the number of votes held by each; the number

and date of any certificates issued for the same (if the Association causes certificates to be issued to evidence membership in the Association), and the number and date of cancellation of every certificate surrendered for cancellation.

**4.9 Treasurer.** The Treasurer 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, disbursements, gains, losses, capital, surplus and any monies and funds handled for the members. The books of account shall, at all reasonable times, be open to inspection by any Director.

The Treasurer shall deposit 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 requested, an account of all his 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 by the Bylaws.

#### **ARTICLE 5**

##### **Executive and Other Committees**

**5.1 Executive and Other Committees.** The Board may appoint an Executive Committee, and such other committees as may be necessary from time to time, consisting of at least two of its members and with such powers as it may designate, consistent with the Restrictions, the Articles and Bylaws and of the Non-Profit Corporation Laws of the State of New Mexico. Such committees shall hold office at the pleasure of the Board.

#### **ARTICLE 6**

##### **Corporate Records and Reports -- Inspection**

**6.1 Records.** The Association shall maintain adequate and correct accounts, books and records of its business and properties, and the business and properties of the Owners with which it is entrusted. All of such books, records and accounts shall be kept at its principal place of business in the State of New Mexico, as fixed by the Board from time to time.

**6.2 Inspection of Books and Records.** The membership register, books of account and minutes of members' meetings or Board meetings (except for the minutes of the executive sessions) and of committees of the members or Board shall be made available for inspection and copying by any member of the Association or by such member's duly appointed representative or by any First Mortgagee (as defined in the Restrictions) at any reasonable time at the office of the Association or at such other place within the subdivision as the Board shall prescribe, for any purpose reasonably related to the member's interest as a member. The Board shall establish reasonable rules as to the notice to be given to the custodian of records by the members desiring to make the inspection, the hours and days of the week when inspection may be made, and the cost of reproducing copies of documents requested by a member.

6.3 Certification and Inspection of Bylaws. The original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members of the Association in the manner provided by law.

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

6.5 Contract Instruments -- How Executed. The Board, except as in the Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge the Association's credit, or to render the Association liable for any purpose or to any amount.

6.6 Annual Report. The Board of the Association shall cause to be prepared and sent to the members upon request within sixty (60) days of the last day of the period covered, a balance sheet as of the last day of the period covered and operating (income) statement for the Association's fiscal years.

The operating statement shall include a schedule of assessments received and receivable identified by the lot or other identification of the interest assessed and the names of the person or entity assessed.

The Board shall cause to be prepared within sixty (60) days before the beginning of the fiscal year and sent to the members within thirty (30) days before the beginning of each fiscal year, a tentative operating statement (budget) for that year, as more fully set forth in Article 4 of the Restrictions.

If, in any year, the income of the Association exceeds \$100,000.00, the Board shall employ a Certified Public Accountant to conduct an audit of the Association's fiscal transactions and shall distribute copies of the audit to the members.

## ARTICLE 7 Membership

7.1 Membership. Each Owner (including Declarant) of a Lot, by virtue of being an Owner shall automatically be a member of the Association as set forth in Article 3, Section 3.1 of the Restrictions.

7.2 Classes of Membership and Voting Rights. The Association shall have two classes of voting membership, as more particularly set forth in Article 3, Section 3.2 of the Restrictions.

The Board may close the membership register for a period not exceeding thirty (30) days preceding any meeting, annual or special, of the members and any such meeting shall be conducted and any vote taken on the basis of the memberships shown in the register at the time of closing.

7.3 Assessments. Each member and its respective Lot is subject to assessments, payable to the Association for the administration, operation, maintenance and repair of the Common Areas and the rendering to the Members of all related services, as more fully set forth in Article 4 of the Restrictions.

7.4 Delinquency Assessment. The Association shall levy a delinquency assessment against any member or members as a result of whose acts, or failure or refusal to act, or otherwise comply with the Restrictions, or the Rules, monies were expended from the operating fund by the Association. Such assessment shall be in the amount so expended, and shall be due and payable to the Association when levied, or in such installments as the Association shall designate. Prior to the levy of a delinquency assessment, the Board shall hold a hearing to determine the validity and amount of the assessment upon at least thirty (30) days' notice to the member to be assessed. Such member to be assessed shall be given an opportunity to be heard at such hearing held to determine the validity and amount of the assessment.

7.5 Subject to Restrictions. The qualifications of members, the different classes of membership, if any, the property, voting and other rights and privileges of members, assessments and dues of members and the method of the collection of such assessments and dues shall be as set forth in the Restrictions and any amendments to the Restrictions. The Restrictions are incorporated herein as though fully set out and shall control in the event of any conflict with the provisions of these Bylaws.

## ARTICLE 8 Corporate Seal

8.1 Association Seal. The Association seal, if any, shall be circular in form and shall have inscribed thereon (i) the name of the Association, (ii) the date of its incorporation, and (iii) the words "New Mexico."

## ARTICLE 9 Amendments to Bylaws

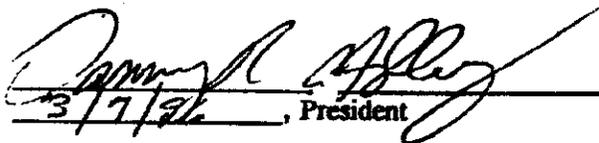
9.1 By Members. New Bylaws may be adopted, or these Bylaws may be repealed or amended by the members at their annual meeting, or at any other meeting of the members called for that purpose, by a vote of members entitled to exercise a sixty-six and two-thirds percent (66-2/3%) of the voting power of the Association, or by the written assent of such members, including the vote of written assent of the members entitled to exercise sixty-six and two-thirds percent (66-2/3%) of the voting power of the Association. So long as there is a Class B member, the consent of the Class B member is required to adopt new Bylaws or to amend or repeal these Bylaws. So long as there is a Class B Member, amendment to the Bylaws shall require the written approval of VA or FHA.

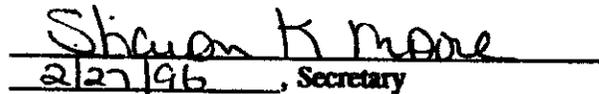
9.2 Record of Amendments. Whenever an amendment or new Bylaw is adopted, such amendment or new Bylaw shall be copied in the Book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaws or Bylaw is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said Book.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, being the President and Secretary of Tierra Colinas Homeowners Association, hereby assent to the foregoing Bylaws, and adopt the same as the Bylaws of said Association.

Dated: 2/27, 1996

  
3/7/96, President

  
2/27/96, Secretary