BYLAWS
OF
BUENA VISTA HOMEOWNERS ASSOCIATION

ARTICLE I
Application of Bylaws

Section 1.1 Applicability. These Bylaws provide for the governance of the Buena Vista Homeowners' Association (the "Association"), which has been formed as a New Mexico nonprofit corporation under the New Mexico Nonprofit Corporation Act, being Sections 53-8-1 through 53-8-99 NMSA 1978, as amended and supplemented (the "Act"), to possess and exercise the powers and duties conferred under the Declaration (as defined below) and to administer certain real property conveyed as common areas, for the benefit of the Lot Owners in Buena Vista Subdivision. The Subdivision is being developed by Pulte Homes of New Mexico, Inc. The Lots in the Subdivision have been subjected to the provisions of the Restatement of Protective Covenants imposed upon Buena Vista Subdivision, Albuquerque, New Mexico including any amendments thereto, recorded in the real estate records of Valencia County, New Mexico (the "Declaration").

Section 1.2 Definitions. Capitalized terms used and not defined in these Bylaws shall have the meanings assigned to such terms in the Declaration.

Section 1.3 Compliance. The Developer and every Owner and all those entitled to occupy a Home shall comply with these Bylaws.

Section 1.4 Office. The office of the Association shall be located at Canyon Gate Real Estate Services, 4110 Wolcott NE, Albuquerque, New Mexico 87109, or at such other place within Bernalillo County, New Mexico, as may be designated from time to time by the Board of Directors.

ARTICLE II
Association Membership and Meetings

Section 2.1 General Responsibilities. The Association shall be responsible for administration of the Subdivision, establishing the means and methods of collecting assessments and charges, and arranging for the management of the Subdivision and performing all of the other acts that may be required or permitted to be performed under the Declaration. Except as to those matters which the Act specifically requires to be performed by the vote of the Homeowners, the foregoing responsibilities shall be performed by the Board of Directors or Managing Agent as more particularly set forth in Article III of these Bylaws.

Section 2.2 Membership. All Owners shall automatically become a member of the Association and be subject to these Bylaws. Such membership shall terminate

without any formal Association action whenever such person ceases to own a Home but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of ownership and membership in the Association, or impair any rights or remedies of other Owners, either through the Board of Directors or directly, against a former Owner and member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto. The membership rights and privileges of an Owner who is a natural person may be exercised by the member or member's spouse. The membership rights of an Owner which is a corporation, partnership, or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated by the Owner in a written instrument provided to the secretary of the Association.

Section 2.3 Classes of Membership. The Association will have two (2) classes of Membership, Class I and Class II, as established by the Declaration.

Section 2.4 Annual Meetings. The annual meeting of the members shall be held each year at a date and location determined by the Board. So long as there is a Class II Member as defined in the Declaration, the Class II Member shall take all actions on behalf of the Association.

Section 2.5 Actions by Class II Member. Notwithstanding any other provision of these Bylaws, for as long as a Class II membership exists, the presence of the Class II Member, in person or by proxy shall constitute a quorum of the members, regardless of the presence of any Class I Members. When the Class II Membership no longer exists, the presence in person or by proxy of 15% of the Class I Members shall constitute a quorum, except as otherwise provided by law. Notwithstanding any other provision of these Bylaws, during the time when a Class II Membership exists, all business may be transacted provided the Class II Member is present and the meeting shall adjourn without conducting further business if the Class II Member is no longer present. After the Class II Membership no longer exists, business may be conducted provided a quorum of the Class I Members are present in person or by proxy. At such time, if less than a quorum is represented at a meeting, a majority of the Membership so represented may adjourn the meeting from time to time without further notice. The Class I Members present at a duly organized meeting after the Class II Membership no longer exists may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Notwithstanding any other provision of these Bylaws, at the time when Class II Membership exists, all decisions of the Members shall be made by the Class II Member. When a Class II Membership no longer exists, a majority of the votes cast at a duly held meeting of Members at which a quorum is present, in person or by proxy, shall be sufficient to act upon any matter which may properly come before the meeting, unless a greater vote is required by law or the Articles of Incorporation or by these Bylaws on any question; provided, however, that the elections of Directors, those receiving the greatest number of votes shall be deemed elected even though not receiving a majority.

Section 2.6 Quorum of Members. For as long as a Class II Membership exists, the presence of a Class II Member, in person or by proxy, shall constitute a quorum. After the Class II Membership no longer exists, the presence in person or by proxy of 15% of the Class I Members shall constitute a quorum.

Section 2.7 Special Meetings. The President shall call a special meeting of the Association members if so directed by resolution of the Board of Directors or upon presentation of a petition signed and presented to the Secretary by Owners holding not less than twenty-five percent (15%) in interest of the votes in the Association. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.8 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place reasonably convenient to the Owners as may be designated by the Board of Directors.

Section 2.9 Notice of Meetings; Waiver.

(a) The Secretary shall mail or cause to be delivered to each Owner a notice of each meeting of the Owners at least ten (10) but not more than sixty (60) days prior to such meeting, stating the time, please and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section and Section 9.1 of these Bylaws shall be considered service of notice.

(b) Any Owner may, in writing, waive notice of any meeting of the Owners, either before or after such meeting. Attendance at the annual meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof, unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at the special meeting, unless objection to the calling or convening of the meeting of which proper notice was not given is raised before the business is put to a vote.

Section 2.10 Adjournment of Meetings; Loss of Quorum. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. A meeting may be so adjourned for other reasons by a vote of two-thirds of the Owners present in person or by proxy. At such adjourned meeting (at which a quorum shall be present), any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Owners in the manner prescribed for regular

meetings (except that the minimum notice may be less than ten (10) days if the time to the adjourned meeting is less than ten (10) days).

If the Secretary determines, after diligent effort has been made, that a quorum cannot be assembled for the adjourned meeting, the Secretary may petition the Board to establish a lower quorum requirement for the sole purpose of considering the business to have been transacted at the meeting originally called. If the Board determines that a lower quorum requirement is appropriate under the circumstances, due to the exigent nature of the business to have been transacted or for other good cause, it may establish such lower requirement for the purpose of the adjourned meeting only. If the Board determines to take that action, it shall record in the applicable resolution the specific reason or reasons for such action. Such action, if taken, shall be effective only with respect to the adjourned meeting and shall not require or constitute an amendment to these Bylaws.

The Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum, provided that any action taken shall be approved by at least a majority of the Owners required to constitute a quorum.

Section 2.11 Voting.

(a) Each Homeowner shall have one vote at all meetings of the Association. Where the ownership of a Home is in more than one person, the person who shall be entitled to cast the vote of such Home shall be the person named in a certificate executed by all of the owners of such Home and filed with the Secretary of the Association before the meeting. Such certificate shall be valid until revoked by a subsequent certificate similarly executed; such revocation and replacement shall not be made during a meeting. If the person named in the certificate is absent from the meeting, any Owner who is present shall be entitled to cast the vote of such Home. If more than one person owning such Home is present, then such vote shall be cast only in accordance with the agreement of a majority of them.

(b) Except where a greater number is required by the Act, the Articles or these Bylaws, the affirmative vote of a majority of the Homeowners in person or by proxy at a duly convened meeting at which a quorum is present is required to adopt decisions at any meeting of the Association members.

(c) No Owner may vote at any meeting or be nominated or elected to or serve on the Board of Directors or as an officer of the Association if, at the time of such meeting, nomination or election, the Owner is delinquent in the payment of any Assessments imposed by the Association, has had voting privileges suspended as provided in these Bylaws or has been determined by the Board of Directors to be otherwise in violation of any of the governing documents. The foregoing disqualification shall continue until such time as the Owner has paid such delinquent Assessments and has provided the Board

with such reasonable assurances, if any, as may be requested by the Board against the recurrence of any such delinquency, or such suspended privileges have been restored, or such other violations have been cured as the case may be.

Section 2.12 Proxies. A vote may be cast in person or by proxy. Proxies shall be duly executed and in writing, shall be valid only for the particular meeting designated therein and must be filed with Secretary at least one day prior to the time stated in the notice of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the Owner of such Home. No proxy shall in any even be valid for a period in excess of one hundred eighty (180) days after the execution thereof. In the case of a Home owned by more than one Owner, any Owner may execute a proxy or a notice of revocation.

Section 2.13 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting. The then current edition of *Robert's Bylaws of Order* shall govern the conduct of all meetings of the Association when not in conflict with the Declaration, these Bylaws or the Act. Failure to follow *Robert's Bylaws of Order* shall not, without other grounds, invalidate any action taken. All votes shall be tallied by vote inspectors appointed by the President.

Section 2.14 Action Without Meeting. Except as may be prohibited by the Declaration or these Bylaws any action which may be taken at a special meeting of the Owners called by resolution of the Board (except for the election or removal of Directors) may be taken without a meeting if all the Owners shall consent in writing to such action. Any such written consent shall have the effect provided in the Act and shall be filed with the minutes of the proceedings of Owners' meetings.

ARTICLE III
Board of Directors

Section 3.1 Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of Owners or the legal representative of Owners, Mortgagees (or designees of Mortgagees) or designees of the Developer. The number of Directors on the Board shall be not less than three (3) nor more than five (5), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of three (3) members.

Section 3.2 Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are permitted by the New Mexico Non-Profit Corporation Act, the Declaration or these Bylaws.

Section 3.3 Managing Agent. The Board of Directors may employ for the Association a Managing Agent at a rate of compensation approved by the Board of Directors to perform such duties and services as the Board may authorize. The Managing Agent shall not be an Officer or Director of the Association but may be an affiliate of the Developer or of a Director.

Section 3.4 Election and Tenure of Office. So long as there exists a Class II Member, the Class II Member shall appoint the Board and determine the number of Directors up to a maximum of five (5) Directors. At the first meeting of the Members after the termination of the Class II Membership, and at all subsequent annual meetings, one (1) member of the Board shall be elected to serve a one (1) year term. The remaining Members of the Board shall be elected for two (2) year terms and all subsequent elections for membership to the Board shall be for two (2) year terms. Their term of office shall begin immediately after election. Two members from the same household cannot serve on the Board concurrently.

(a) The two Directors receiving the first and second highest number of votes at the first annual meeting shall be elected for terms of two (2) years, and the Director receiving the third highest shall be elected for a term of one (1) year. At each annual meeting thereafter, new Directors shall be elected to fill vacancies created by resignations or expirations of the terms of past Directors. Following the first annual meeting, after the termination of Class II Members, the term of office of each Director elected to fill a vacancy created by the expiration of the term of office of the respective past Director shall be for two (2) years. The term of office of each Director elected to fill a vacancy created by resignation, death or removal of his predecessor shall be the balance of the unexpired term of his predecessor. Any person serving as a Director may be reelected to one additional term, provided that no Director shall serve more than two (2) consecutive terms. There shall be no limitation on the total number of terms which a Director may serve. At any election of the Board, Owner shall be entitled to cast a number of votes equal to the number of Directors to be elected at such meeting. Such Owner may cast all of such votes for a single candidate or may distribute the votes among as many candidates as the Owner sees fit.

(b) Nominations for persons qualified to be members of the Board of Directors may be submitted from the floor at any meeting at which an election is to be held to fill a vacancy on the Board of Directors, provided that no more than one person has been nominated by petition or by a nominating committee of the Board.

Section 3.5 Removal or Resignation of Directors. After termination of the Class II Membership, the entire Board or any individual Director may be removed from office by a majority or a two-thirds vote of the quorum of Class I Members at a special meeting called for that purpose. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. If any or all of the Directors are removed at a meeting, new Directors may be elected at the same meeting. A member of the Board of Directors may resign at any time.

Section 3.6 Vacancies. So long as there is a Class II Member, the Class II Member shall fill vacancies in the Board. Upon termination of the Class II Membership, vacancies in the Board may be filled by a majority vote of the remaining Directors, though less than a quorum, or by 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. A vacancy or vacancies shall be deemed to exist in case of death, resignation, removal or judicial adjudication of mental incompetence of any Director, or in case the Owners fail to elect the full number of authorized Directors at any meeting at which such election is to take place. Except as provided in the first sentence of this Section, any vacancy not filled by the Directors may be filled by vote of the Owners at the next annual meeting of the Owners or at a special meeting of the Owners called for such purpose. If such a vacancy shall occur within sixty (60) days prior to the date scheduled for the next annual meeting of the Association, then the remaining Directors may leave the position vacant until such annual meeting.

Section 3.7 Organization Meetings. The organizational meeting of the Board shall be held each year immediately following the adjournment of the annual meeting of the Members. No notice shall be required for this meeting.

Section 3.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every six (6) months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, by mail, facsimile, telephone, telegraph or hand delivery, at least ten (10) days prior to the day named for such meeting.

Section 3.9 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days' notice to each Director, given by mail, facsimile, telephone, telegraph or hand delivery, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner on the written request of at least two (2) Directors.

Section 3.10 Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 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, provided the meetings are properly noticed as required by this Article.

Section 3.12 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 vote 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.

Section 3.13 Place of Meetings. Meetings of the Board shall be held as designated for that purpose from time to time by resolution of the Board or written consent of all members of the Board. 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.

Section 3.14 Quorum of Board of Directors. At all meetings of the Board of Directors, unless otherwise provided in these Bylaws, a majority of the Directors shall constitute a quorum of the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.15 Fidelity Bonds. Any requirements for fidelity bonds shall be determined by the Board of Directors, as further specified in Section 6.2.

Section 3.16 Compensation. No Director shall receive any compensation from the Association for acting as such.

Section 3.17 Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The then current edition of *Robert's Bylaws of Order* shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Act.

Directors or members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee, respectively, by means of conference telephone or similar communications equipment by means of which all person participating in the meeting can hear each other, and participation in such a meeting by the aforesaid means shall constitute presence in person at such meeting.

Section 3.18 Action without Meeting. Except as may be prohibited by the Act, the Declaration or these Bylaws, any action by the Board of Directors required or

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

Section 3.19 Liability of Directors, Officers, Owners and Association.

(a) Officers and members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association. Every agreement made by the Officers, the Board of Directors or the Managing Agent on behalf of the Association shall, if practicable, provide that the Officers, the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents for the Association and neither they nor the Owners shall have any personal liability thereunder.

(b) The Association shall not be liable for any failure of water supply or other services that may be obtained by the Association or paid for as a Common Expense, or for injury or damage to person or property caused by the elements or by the Owner of any Home or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Areas or from any pipe, drain, conduit, appliance or equipment, unless caused by the negligence of the Association. The Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of any article, which may be stored upon any of the Common Areas. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or from any action taken by the Association to comply with any law, ordinance or with the order of directive of any municipal or other governmental authority.

Section 3.20 Conflict of Interest. No contract or other transaction between the Association and any of its Directors or Officers shall be void or voidable because such Director or Officer is present at a meeting which authorizes or approves the contract or transaction or because his or her vote is counted for such purposes, provided the existence of the conflict or potential conflict is disclosed to the Board in advance and provided the contract of transaction is commercially reasonable. Appointment of any officer, employee or agent of the Declarent as an officer, director, employee, or agent of the Association shall not constitute a conflict of interest for purposes of the Declarations, Articles of Incorporation, or these Bylaws.

Section 3.21 Architectural Control Committee.

(a) The Architectural Control Committee shall function as provided in the Declaration.

(b) The Architectural Committee shall have such additional duties, power and authority, consistent with its general purpose, as the Board of Directors may from time to time provide by resolution.

Section 3.22 Other Committees. The Board of Directors or the President, with the approval of the Board of Directors, may establish other committees and appoint committee chairpersons. No report, recommendation, or other action of any committee of the Association shall be considered as the act of the membership unless and until it has been approved by the Board of Directors or by the general membership at a meeting of the Association.

Section 3.23 Bylaws and Regulations. The Board of Directors shall have the powers from time to time to adopt any Bylaws and regulations deemed necessary for the benefit, enjoyment and protection of the Owners (sometimes referred to as "Bylaws and Regulations" or Buena Vista Bylaws). Such Bylaws and Regulations shall become effective and binding after (1) they are adopted by a majority of the Board at a duly called meeting, and (2) they are either mailed or otherwise delivered to each Owner, and/or posted in a conspicuous place in the Common Area, or recorded in the relevant real property records. Such Bylaws and Regulations may concern, without limitation, use of the Common Areas, signs, parking restrictions, minimum standards of property maintenance and any other matter within the jurisdiction of the Association, as provided in the Declaration; provided, however, that such Bylaws and Regulations shall be enforceable only to the extent that they are consistent with the Declaration, the Articles of Incorporation and these Bylaws, and the Bylaws and Regulations may not be used to amend any of those documents.

ARTICLE IV
Officers

Section 4.1 Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be Owners and shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary; such additional officers need not be Owners. The President and Vice President shall be members of the Board of Directors; any other Officers need not be members of the Board of Directors. One person may hold two or more offices, however no person may simultaneously hold the positions of President and Secretary.

Section 4.2 Election of Officers. The Officers of the Association shall be elected at the organization meeting of the Board of Directors. Thereafter, Officers shall be elected at each annual meeting of the Board of Directors. All Officers shall hold office at the pleasure of the Board of Directors. There shall be no limit on the number of terms, which an officer may serve, provided that no officer shall serve more than two (2) consecutive terms.

Section 4.3 Removal and Resignation. Upon the affirmative vote of a majority of all Directors, any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any

special meeting of the Board of Directors called for such purpose. 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. A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filed in the manner prescribed in the Bylaws for regular appointments to such office.

Section 4.4 President. The President shall be the chief executive officer of the Association; preside at all executive meetings of the Association and the Board of Directors; and have all of the general powers and duties which are incident to the office of President of a corporation, including without limitation the power to appoint committees from among the Owners from time to time as the President may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5 Vice President. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be conferred upon him by the Board of Directors or by the President.

Section 4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; maintain a register, setting forth the place to which all notices to Owners and Mortgagees hereunder shall be delivered; and, in general, perform all duties incident to the office of the Secretary of the corporation.

Section 4.7 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, the Owners, the Association or the Managing Agent, in such depositories as may from time be designated by the Board of Directors; and, in general, perform all duties incident to the office of Treasurer of the corporation.

Section 4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Five Thousand Dollars ($5,000) shall be executed by any two persons designated by the Board of Directors. All such instruments for expenditures or obligations of Five Thousand Dollars ($5,000) or less may be executed by any one person designated by the Board of Directors.

Section 4.9 Compensation of Officers. No Officer who is also a Director shall receive any compensation from the Association for acting as such Officer.

ARTICLE V
Operation of the Property

Section 5.1 Determination of Common Expenses; Owner Assessments.

(a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget. On or before a date each year prescribed by the Board of Directors, the Board shall prepare and submit a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Areas, including wages, materials, insurance premiums, services, supplies and other expenses utilizing working capital.

(c) Payments of Maintenance Assessments. On or before the first day of each fiscal year, each Owner shall be obligated to pay the Board of Directors or the Managing Agent (as determined by the Board of Directors), their annual Assessment. Upon request, within sixty (60) days after the end of each fiscal year, the Board of Directors shall supply an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, the actual additions to and uses of the Maintenance Funds and any other reserves, together with a tabulation of the amount collected pursuant to the budget for such fiscal year just ended, and showing the net excess or shortfall of such collections compared to such outlays. Any such excess shall, if the Board of Directors deems advisable, be credited, according to each Owner's portion, to the next installment due from Owners under the current fiscal year's budget. Any such shortfall shall be assessed payable in full no more than within thirty (30) days after notice to each Owner of amount due.

(d) Reserves. The establishment, maintenance and administration of the Maintenance Fund and any other reserve funds shall proceed in accordance with the Declaration and these Bylaws.

(e) Initial Budget and Capital Payment.

(1) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this Section, for the period commencing sixty (60) days after such election and ending on the last day of the fiscal year in which such election or designation occurs. Assessments shall be levied during such period as provided in paragraph (c) of this Section.

(2) The Board of Directors may collect from each initial purchaser of a

Home at the time of settlement an initial payment equal to the first years maintenance assessment for such purchaser's Lot.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner obligation to pay his allocable share of the Common Expenses herein provided whenever the same shall be determined. In the absence of any annual budget or adjusted budget, each Owner shall continue to pay their annual installment at the annual rate established for the previous fiscal year until notice of any change in the payment, which is due no more than thirty (30) days after such new annual or adjusted budget shall have been delivered.

Section 5.2 Collection of Assessments. The Board of Directors or the Managing Agent at the request of the Board of Directors, shall take prompt action to collect any assessments for amount due from any Owner, as well as late charges and other amounts, all as provided in Article 6 of the Declaration.

Section 5.3 Statement of Common Expenses. The Board of Directors shall promptly provide any Owner, contract purchaser, or Mortgagee, so requesting the same in writing, with a written statement of all unpaid assessments for Common Expenses due from such Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation to the extent permitted by the Act.

Section 5.4 Additions, Alterations or Improvements by Board. Whenever in the judgment of the Board of Directors, additions, alterations or improvements are considered necessary, the making of such additions, alterations or improvements shall be approved by the Directors, and, if required, a specified portion of the Owners, in accordance with Section 6.5 of the Declaration. The cost of such additions, alterations or improvements shall be Assessments for capital improvements imposed upon the Owners.

ARTICLE VI
Insurance; Repair and Reconstruction

Section 6.1 Homeowner's Insurance. As provided in Article 7 of the Declaration, each Owner shall insure such Owner's home maintain standard homeowners' insurance policies having coverage sufficient to cover replacement cost, as well as liability insurance covering personal injury, death and property damage.

Section 6.2 Insurance Coverage By Association. The Association shall obtain and maintain in force such policies of insurance as the Board may determine, including at least the following:

(a) Fidelity Bond. The Association shall procure and maintain a fidelity bond

naming the Association as obligee in an amount equal to the estimated maximum amount of funds to be in the custody or control of the Association or its professional management company, including reserves for replacement and working capital, at any given time during the term of such bond, but in any event in an amount at least equal to three (3) months aggregate monthly assessments on all Lots plus the sum of all reserve funds. Such fidelity bond shall cover all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association, including the officers, directors, employees or agents. The Association need not procure a fidelity bond if the association is managed by a professional management company and such professional management company itself provides a sufficient fidelity bond naming the Association as an additional obligee or loss payee. Such bond shall contain a waiver of any defense or exclusion based upon the exclusion of persons serving without compensation from the definition of "employees" or other similar terms or expressions. Such bond shall require at least ten (10) days prior written notice to the Association of cancellation or substantial modification (including cancellation for non-payment of premiums). The cost of such fidelity bond (except for premiums on any fidelity bond provided by the professional management company, which the Board determines to be satisfactory and in compliance with the provisions of this Section) shall constitute a common expense of the Subdivision.

(b) Liability Insurance. The Association shall procure and maintain comprehensive public liability insurance in the amount of at least one million dollars ($1,000,000) per single occurrence for bodily injury, death and property damage suffered by the Public or any Owner and his family, guests, agents, employees or invitees occurring in, on, or about the Common Areas. Such policy shall insure the Owners and the Association and its officers, directors, employees and agents, including expressly the professional management company and its officers, directors, employees and agents and shall further expressly cover legal liability arising from lawsuits related to employment contracts of every nature to which the Association is a party. Such policy shall be issued by insurers of recognized responsibility authorized to do business within the State of New Mexico and shall require at least ten (10) days prior written notice of cancellation or substantial modification (including cancellation for nonpayment of premiums) to the Association and to any Mortgagee having a first lien against any Lot which is listed as a scheduled holder of such a first mortgage in the policy. The cost of such policy shall constitute a common expense of the Subdivision. Such insurance must not provide for contribution with regard to any policies of liability insurance carried individually by the Owner.

(c) Additional Insurance. The Board of Directors shall also obtain and maintain, to the extent appropriate, fire and extended insurance coverage for all Common Areas sufficient to cover replacement costs, and shall have the authority to obtain such other insurance, including the authority to increase the scope or amount of any insurance required by this Article V, as the Board shall determine to be necessary or advisable. The cost of any such additional insurance shall constitute a common expense of the Subdivision.

Section 6.3 Premiums; Repair and Restoration. The cost of premiums for insurance coverage obtained by the Board of Directors for the benefit of the Association shall be a Common Expense. Owners may obtain additional insurance at their discretion. In the event of damage to or destruction of all or any portion of the Improvements in the Common Area as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration of such Improvements.

ARTICLE VII
Amendments to Bylaws

Section 7.1 By Members. For as long as a Class II Membership exists, new Bylaws may be adopted, or these Bylaws may be repealed or amended by the Class II Member. Thereafter, new Bylaws may be adopted or these Bylaws may be repealed or amended by the Members at their annual meeting, or at any meeting of the Members called for that purpose, by a vote of sixty-six and two-thirds percent (66 2/3%) of a quorum of Class I Members, or by the written assent of such Members.

Section 7.2 Record of Amendments. Whenever an amendment or new bylaw is adopted, such amendment or new bylaw shall be maintained with copies in the corporate books with the original Bylaws, in the appropriate place. If any 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.

ARTICLE VIII
Association Records and Reports – Inspection

Section 8.1 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.

Section 8.2 Inspection of Books and Records. The Membership register, books of account, Book of Resolutions, 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 at any reasonable time at the office 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 Bylaws 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.

Section 8.3 Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such Mortgagees and on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagees.

ARTICLE IX
Miscellaneous

Section 9.1 Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, postage prepaid and regular mail (or otherwise as the Act may permit) (a) to an Owner, at the address which the Owner shall designate in writing and file with the Secretary of the Association, or if no such address is designated, at the address of the Home of such Owner, or (b) to the Association, the Board of Directors or to the Managing Agent or at such other address as shall be designated by notice in writing to the Owners pursuant to this Section. If a Home is owned by more than one person, each such person who is so designated and who has addressed such in writing to the Secretary, shall be entitled to receive all notice hereunder.

Section 9.2 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws or the intent of any provision thereof.

Section 9.3 Gender. The user of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 9.4 Notice to Board of Directors. Every Owner who grants a Mortgage secured by his Home shall notify the Association through the Manager, or through the Secretary if there is no Manager, the name and address of his Mortgagee, and shall file a conformed copy of the Note and Mortgage with the Board of Directors. Each Owner shall likewise notify the Association, upon request, as to the release or discharge of any such Mortgage. As provided in Article 9 of the Declaration, institutional Mortgagees may request notification by the Board of certain proposed actions affecting Owners, Homes and the Subdivision, including notice of default by any mortgagor hereunder, and notice of any casualty or condemnation or threat thereof.

Section 9.5 No Waiver of Rights. The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration, these Bylaws or otherwise shall not constitute a waiver of the right of the Association, the Board of Directors or the Owner to enforce

such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws or otherwise shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by such documents or the Act or at law in equity.

We hereby certify that the above and foregoing Bylaws of Buena Vista Homeowners Association are the Bylaws of this corporation adopted by the Board of Directors.

Garret Price, President

Jennifer Lind, Secretary