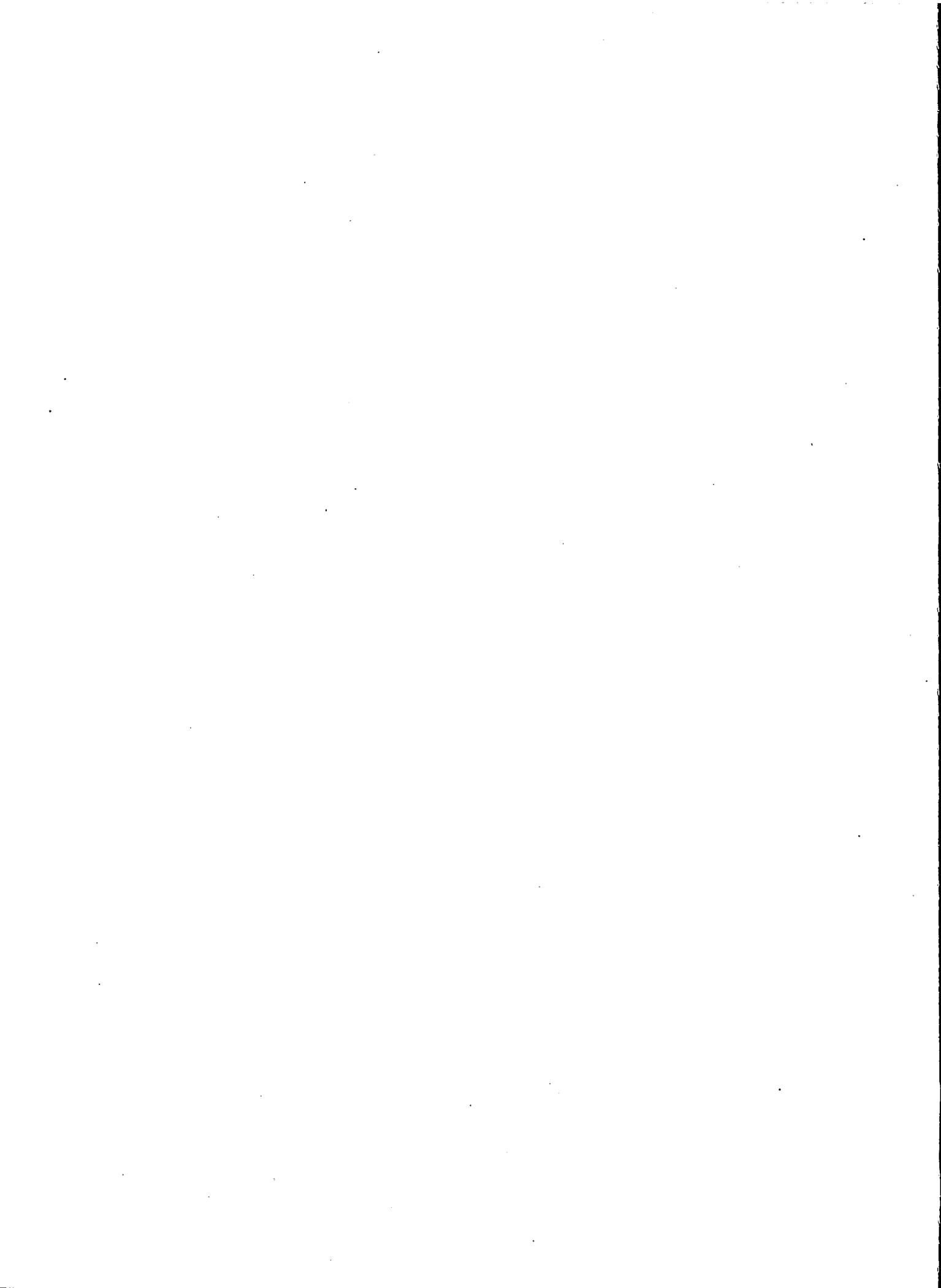


Bylaws

Desert Ridge Place
Homeowners Association, Inc.



BYLAWS

OF

DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC.

DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., a New Mexico non-profit Corporation, does hereby adopt the following bylaws which shall govern the administration of the DESERT RIDGE PLACE SUBDIVISION, County of Bernalillo, State of New Mexico.

ARTICLE I

DEFINITIONS

Section 1. "ASSOCIATION" means and refers to DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "BOARD" means the Board of Directors of the Association.

Section 3. "COMMON AREA" means the Security Gates, Private Roads, Perimeter Wall, Entry Landscaping and any other areas of the Subdivision to be owned and/or managed by the Association pursuant to the Declaration or recorded plat of the Subdivision.

Section 4. "DECLARATION" means the Declaration of Covenants, Conditions and Restrictions to be filed for record in Bernalillo County, New Mexico, and any supplemental declaration.

Section 5. "DECLARANT" means and refers to Desert Ridge Development, L.L.C., a New Mexico limited liability company.

Section 6. "LOT" means any one of the lots designated on the plat of the Subdivision to be filed for record in the Office of the County Clerk of Bernalillo County, New Mexico.

Section 7. "MEMBER" means and refers to every person or entity who holds membership in the Association.

Section 8. "OWNER" means and refers to the record owner, whether one or more persons or entities, of equitable title, or legal title if equitable and legal title have merged, of any Lot.

Section 9. "PERIMETER WALL" means the wall around the Subdivision constructed by the Declarant and maintained by the Association.

Section 10. "PRIVATE ROADS" means the roads within the Subdivision which provide access to the Lots.

Section 11. "PROPERTY" means the property subject to the Declaration.

Section 12. "REGULATIONS" means rules promulgated by the Board from time to time in the manner permitted by the Articles of Incorporation and the Bylaws of the Association.

Section 13. "SECURITY GATES" means and refers to the electronic gates and attendant equipment and facilities installed on the Private Roads at the entrances to the Subdivision.

Section 14. "SUBDIVISION" means Desert Ridge Place Subdivision, County of Bernalillo, New Mexico.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. MEMBERSHIP. Every person or entity who is an Owner of any Lot shall be a Member of the Association. No Owner shall have more than one membership, although said Owner may have more than one vote in the Association, if said Owner owns more than one Lot. Membership shall be appurtenant to and may not be separated from the ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership.

Section 2. VOTING RIGHTS. The Association shall have two classes of voting membership, as follows:

a. Class A. The Class A Members shall be the Owners of the Lots, other than Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person or entity holds such interest or interests in any Lot, all such persons or entities shall be Members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

b. Class B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to three (3) votes for each Lot in which it holds an interest.

ARTICLE III

ASSESSMENTS

Section 1. ANNUAL ASSESSMENTS. The Owners of each Lot shall be liable for the payment of "Annual Assessments".

- a. The Annual Assessments shall be fixed, established and collected from time to time as hereinafter provided. The Annual Assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each Annual Assessment is made. The Annual Assessments and costs shall also be the personal obligation of each person, or entity who was the Owner of the Lot when the Annual Assessment became due.
- b. The Annual Assessments shall be used exclusively for the Private Roads, Security Gates and other Common Area expenses, including maintenance, repairs, snow removal, reconstruction or replacement thereof and utility and service bills related to the operation of the Security Gates.
- c. Annual Assessments shall be due and payable on January 1 of each year and shall be delinquent each February 1 if not paid in full. The initial Annual Assessments shall be prorated and paid by the initial purchaser of each Lot from Declarant at the time of closing. The initial Annual Assessments shall be set by the Board and thereafter modified by a two-thirds vote of the Members at a meeting held for the purpose of determining the Annual Assessments, which meeting shall be called at least thirty (30) days in advance thereof, except in the event of an emergency. The Board may provide for the payment of Annual Assessments by installment on a quarterly or semi-annual basis. In the event the Board determines that Annual Assessments are insufficient to cover the Association expenses during any year, the Board may call a meeting of the Members for the purpose of increasing the Annual Assessments. Such meeting shall be called at least thirty (30) days in advance thereof, except in the event of an emergency. A two-thirds (2/3) vote of the Members shall be required to approve any such increase in the Annual Assessments.
- d. Written notice of the Annual Assessments shall be sent to every Member by the Board at the time of its determination. The Association shall, upon demand at any time, furnish to a Member a certificate in writing signed by an officer designated by the Board as the one responsible for keeping the records, setting forth whether the Annual Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Annual Assessment therein stated to have been paid.
- e. If any installment of an Annual Assessment is not paid within thirty (30) days after it is due, then such Annual Assessment shall become delinquent and shall, together with interest thereon, and the cost of collection thereof as provided herein, become a continuing lien on the Lot which shall bind such Lot in the hands of the then Owner thereof. The personal obligation

of the then Owner to pay such Annual Assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title until expressly assumed by them. If the Annual Assessment is not paid within thirty (30) days after the due date, a reasonable late charge may be assessed at the discretion of the Board and the Annual Assessment shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum until paid, and the Association may bring an action at law against the Owner personally obligated to pay the same or to foreclose the lien against the Lot, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided, reasonable attorney's fees to be fixed by the court, together with the costs of the action.

- f. The lien of the Annual Assessments shall be subordinate to the lien of any first mortgage placed upon the Lot in good faith and for value; however, such subordination applies only to the Annual Assessments due before the sale or transfer of the Lot pursuant to a decree of foreclosure, or any transfer in lieu of foreclosure. The sale or transfer does not relieve the Lot from the liability for or lien of Annual Assessments thereafter becoming due.

Section 2. SPECIAL ASSESSMENTS. The Board may assess the Owners of individual Lots for damage to Common Area improvements by said Owners, their family members, agents, representatives or invitees or to the extent the Association is required to enforce the provisions of the Declaration. These special assessments shall be due and payable within thirty (30) days of billing therefor by the Board, shall bear interest, be a lien and be enforceable in the same manner as Annual Assessments.

ARTICLE IV

MEETINGS

The annual meeting of the Members shall be held during November of every year in Albuquerque, New Mexico, at the time and place fixed by the Board in the notice mailed to each Member. Special meetings of the Members may be called by the Board, the President or Members entitled to vote at least fifty percent (50%) of the votes of any class of membership. A quorum of the Members owning fifty percent (50%) of the Lots shall be required for any annual or special meeting of the Members. Members may vote by written proxies which shall only be effective for a maximum of one (1) year.

ARTICLE V

BOARD OF DIRECTORS

Section 1. NUMBER AND TENURE. The property and affairs of the Association shall be managed by the Board. The first Board will consist of the five (5) directors named in the Articles and will serve until the first annual meeting of Members, at which time a new Board consisting of five (5) directors will be elected by the Members and thereafter, the Board will consist of five (5) directors to be elected annually.

Section 2. QUALIFICATION, REMOVAL, VACANCIES. Directors need not be Members of the Association. Directors will hold office until their successors are elected and qualify. A director may be removed with or without cause upon a majority vote of the Directors for persistent failure to attend regular meetings of the Board. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 3. COMPENSATION. Directors shall not be paid for services rendered as a director, but shall be entitled to receive reimbursement for actual expenses incurred in the performance of their duties.

Section 4. MEETINGS OF THE BOARD. The annual meeting of the Board will be held immediately following the annual meeting of the Members. Regular meetings of the Board may be called by the President or any three (3) directors by giving written notice to each director at least three (3) days prior to such special meeting. Such notice of special meeting shall specify the time, place and purpose of the meeting.

Section 5. ACTION BY BOARD. The directors may only act as a Board. The Board may act by majority vote of the directors present at a duly called meeting at which a quorum is present. A majority of the directors then in office present in person constitutes a quorum. The Board may also act without a meeting, but only by unanimous consent in writing executed by all directors then in office.

Section 6. NOMINATION OF DIRECTORS. Nominations for election of the Board shall be made by the nominating committee, if so appointed, or Members, at least twenty (20) days prior to the annual meeting of Members. Such nominations shall be delivered to the Secretary. The nominating committee may make as many nominations as it desires, but shall nominate not less than the number of directorships to be filled. Such nominations may be made from among Members and/or non-Members of the Association.

Section 7. ELECTION OF DIRECTORS. The Secretary will prepare a ballot describing the vacancies to be filled, setting forth the nominees selected by the nominating committee or Members, and providing a space for a write-in vote for each vacancy. Each Member or proxy holder will be entitled to one vote per Lot for each directorship to be filled. The names receiving the largest number of votes will be elected as directors. Any controversy as to the

validity of any ballot or the right of any Member or proxy holder to vote will be determined by the Board. The Board may conduct voting by written ballot mailed to each Member with the notice of the annual meeting, which ballots must be signed and returned to the Board, not later than the date and time of the annual meeting.

Section 8. POWERS AND DUTIES OF BOARD.

- (a) The Board shall have the following powers:
- (1) To call special meetings of the Members at its discretion;
 - (2) To enter into such contracts with third parties as it deems necessary and desirable for the discharge of its duties, including the maintenance, repair and restoration of the Private Roads, Security Gates, Perimeter Wall and other Common Area improvements;
 - (3) To appoint and remove, at its discretion, all officers, agents and employees of the Association, to fix their compensation, and to require of them such security or fidelity bond as may be deemed expedient;
 - (4) To establish, levy, assess and collect Annual Assessments and special assessments as permitted herein and by the Declaration;
 - (5) To adopt and publish rules and regulations governing the use of the Private Roads, Security Gates, Perimeter Wall and the other Common Area and the personal conduct of the Members and their guests related thereto;
 - (6) To engage or employ attorneys, accountants and such other professional assistance as may be deemed necessary;
 - (7) To bring such suits in the name of the Association at law or in equity, as may be deemed necessary to enforce the covenants, conditions and restrictions set forth in the Declaration; and
 - (8) To exercise all powers in the name of the Association set forth in Declaration, Articles, or these Bylaws, except such powers as are reserved to the Members.
- (b) The Board shall have the following duties:
- (1) To maintain a complete record of its actions and corporate affairs and to report thereof at the annual meeting of Members;
 - (2) To supervise all officers, agents and employees of the Association;

- (3) To prepare a roster of the Annual Assessments applicable to each Lot to be maintained in the office of the Association and to be kept open for examination by any Member;
- (4) To send written notice of the Annual Assessments to each Member; and
- (5) To issue, or cause to be issued, upon demand by any Member or interested person, a certificate setting forth whether any Annual Assessment or special assessment has been paid;
- (6) To maintain, repair, rebuild and keep in good condition the Private Roads, Security Gates, Perimeter Wall and other Common Area improvements;
- (7) To pay all valid taxes, liens or other charges against the Private Roads, Security Gates, Perimeter Wall and other Common Area improvements to the extent said amounts are not assessed to individual Lots;
- (8) To maintain fire and hazard insurance, if applicable, and liability insurance on the Private Roads, Security Gates, Perimeter Wall and other Common Area improvements; and
- (9) To perform all other obligations of the Association set forth in the Declaration, Articles, and these Bylaws.

Section 9. COMMITTEES. The Board may appoint the following standing committees, each of which shall consist of a chairman who shall be a director and two (2) Members who shall not be directors and each of which shall serve from the close of the annual meeting of Members to the close of the next annual meeting of Members,

- (a) The nominating committee, which shall have the duties set forth in Section 6 of this Article V.
- (b) The maintenance committee, which shall advise the Board of all matters pertaining to maintenance, repair and improvements to the Private Roads, Security Gates, Perimeter Wall and other Common Area.
- (c) The audit and budget committee, which shall prepare the annual budget for the next ensuing year, approve or disapprove the balance sheet and operating statement for the previous year, and supervise the annual audit of the Association's books. The Treasurer shall serve as an ex-officio member of this committee.

ARTICLE VI

OFFICERS

Section 1. ENUMERATION OF OFFICES. The officers of this Association shall be a President and Vice President, who shall, at all times, be members of the Board, a Secretary, and a Treasurer, and such other officers as the Board may, from time to time, by resolution create.

Section 2. ELECTION OF OFFICERS. The election of officers shall take place at the first meeting of the Board following each annual meeting of Members.

Section 3. TERM. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. SPECIAL APPOINTMENTS. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 6. VACANCIES. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. MULTIPLE OFFICES. The offices of the Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special officers created pursuant to Section 4 of this Article.

Section 8. DUTIES. The duties of the officers are as follows:

- (a) The PRESIDENT shall preside at all meetings of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; and co-sign all checks and promissory notes.
- (b) The VICE PRESIDENT shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) The SECRETARY shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association

and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties as required by the Board.

(d) The TREASURER shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the resolution of the Board; sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

ARTICLE VII

GENERAL PROVISIONS

Section 1. SEAL. The Board may, but need not, adopt a form of seal to be used by the Association.

Section 2. WAIVER OF NOTICE. Any notice of meeting required by the Declaration or these Bylaws will be considered given when mailed to the last address shown by the records of the Association or when delivered. Any such notice requirement will be considered waived by any person who waives notice in writing, either before or after the meeting, or any person who appears at the meeting for any reason other than to contest the validity of the call of the meeting.

Section 3. INDEMNITY. The Association will defend, indemnify and hold harmless each Member, director, officer or committee member or the Association against expenses and liabilities reasonably incurred in connection with any claim or lawsuit in which such Member, director, officer or committee member is made a party by reason of the performance of his duties in such capacity; provided, however, that this provision does not apply to gross negligence or willful misconduct by the indemnitee.

Section 4. AMENDMENTS. These Bylaws may be amended at any regular or special meeting of the Board by majority vote of the directors present at such meeting; provided, however, that any provision of these Bylaws which is controlled by the Articles or the Declaration may not be amended except as provided in the Articles or the Declaration.

Section 5. CONSTRUCTION. In the case of conflict between the Articles and these Bylaws, the Articles shall control. In the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 6. SEVERABILITY. The invalidity of any provision of these Bylaws shall not affect the validity of the remaining provisions of these Bylaws.

CERTIFICATE

IN WITNESS WHEREOF, we, the undersigned, constituting all the directors of DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., hereby certify that the foregoing Bylaws were duly adopted as the Bylaws of DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., on July 14, 2003, at the first meeting of the Board of Directors of said Association.

[Signature]
President/Chairman/Director

[Signature]
Secretary/Treasurer/Director

[Signature]
Vice-President/Director

[Signature]
Director

[Signature]
Director

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

This instrument was acknowledged before me this 14 day of July, 2003, by Rich Gantner, President of DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., a New Mexico non-profit Corporation.

MY COMMISSION EXPIRES:
August 31, 2004

[Signature]
NOTARY PUBLIC

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

This instrument was acknowledged before me this 14 day of July, 2003, by Scott Walker, Vice President of DESERT RIDGE PLACE HOMEOWNERS ASSOCIATION, INC., a New Mexico non-profit Corporation.

MY COMMISSION EXPIRES:
August 31, 2004

[Signature]
NOTARY PUBLIC