

BYLAWS

OF

**SIERRA VISTA COMMUNITIES HOMEOWNERS
ASSOCIATION, INC.**

TABLE OF CONTENTS

Article I Name, Principal Office and Definitions -1-

 1.1. Name -1-

 1.2. Principal Office -1-

 1.3. Definitions -1-

Article II Association: Membership, Meetings, Quorum, Voting,
 Proxies -1-

 2.1. Membership -1-

 2.2. Place of Meetings -1-

 2.3. Annual Meetings -1-

 2.4. Special Meetings -2-

 2.5. Notice of Meetings -2-

 2.6. Waiver of Notice -2-

 2.7. Adjournment of Meetings -2-

 2.8. Voting -3-

 2.9. Proxies -3-

 2.10 Majority -4-

 2.11. Quorum -4-

 2.12. Conduct of Meetings -4-

 2.13. Action Without a Meeting -4-

Article III Board of Directors: Number, Powers, Meetings . -4-

 A. Composition and Selection -4-

 3.1. Governing Body; Composition -4-

 3.2. Number of Directors -5-

 3.3. Directors During Declarant Control Period . -5-

 3.4. Nomination and Election Procedures -5-

 3.5. Election and Term of Office -6-

 3.6. Removal of Directors and Vacancies -8-

 B. Meetings -9-

 3.7. Organizational Meetings -9-

 3.8. Regular Meetings -9-

 3.9. Special Meetings -9-

 3.10. Waiver of Notice -10-

 3.11 Telephonic Participation in Meetings -10-

 3.12. Quorum of Board of Directors -10-

 3.13. Compensation -11-

 3.14. Conduct of Meetings -11-

 3.15. Open Meetings -11-

 3.16. Action Without a Formal Meeting -11-

 C. Powers and Duties -11-

 3.17. Powers -11-

3.18.	<u>Duties</u>	-12-
3.19.	<u>Management</u>	-13-
3.20.	<u>Accounts and Reports</u>	-13-
3.21.	<u>Borrowing</u>	-15-
3.22.	<u>Right to Contract</u>	-15-
3.23.	<u>Enforcement</u>	-15-
Article IV	<u>Officers</u>	-17-
4.1.	<u>Officers</u>	-17-
4.2.	<u>Election and Term of Office</u>	-17-
4.3.	<u>Removal and Vacancies</u>	-17-
4.4.	<u>Powers and Duties</u>	-17-
4.5	<u>Resignation</u>	-18-
4.6	<u>Agreements, Contracts, Deeds, Lease, Checks, Etc</u> -	
	18-	
4.7.	<u>Compensation.</u>	-18-
Article V	<u>Committees</u>	-18-
5.1.	<u>General</u>	-18-
Article VI	<u>Insurance and Casualty Loss</u>	-18-
6.1.	<u>Association Insurance</u>	-18-
Article VII	<u>Miscellaneous</u>	-19-
7.1.	<u>Fiscal Year</u>	-19-
7.2.	<u>Parliamentary Rules</u>	-19-
7.3.	<u>Conflicts</u>	-19-
7.4.	<u>Books and Records</u>	-19-
7.5.	<u>Notices</u>	-20-
7.6.	<u>Amendment.</u>	-20-

**BYLAWS
OF
SIERRA VISTA COMMUNITIES HOMEOWNERS ASSOCIATION, INC.**

**Article I
Name, Principal Office and Definitions**

1.1. Name. The name of the corporation is SIERRA VISTA COMMUNITIES HOMEOWNERS ASSOCIATION, INC. (the "Association").

1.2. Principal Office. The principal office of the Association shall be located in Valencia County, New Mexico. The Association may have such other offices, either within or outside the State of New Mexico, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Sierra Vista filed in the real estate records of Valencia County, New Mexico, as they may be amended (the "Declaration"), unless the context indicates otherwise.

**Article II
Association: Membership, Meetings, Quorum, Voting, Proxies**

2.1. Membership. The Association shall have only one (1) class of membership. As more fully set forth in the Declaration, every Owner shall be a Member of the Association, and there shall be only one membership per Lot. The terms of the Declaration pertaining to membership are incorporated by this reference.

2.2. Place of Meetings. Meetings of the Association and meetings of the Voting Representatives shall be held at the principal office of the Association or at such other suitable place as the Board may designate, either within or outside of the Properties.

2.3. Annual Meetings of the Association. The first meeting of the Members and the Voting Representatives of the Association, whether a regular or special meeting, shall be held within one year from the commencement of operations of the

Association. An annual meeting of the Members and the Voting Representatives of the Association shall be held at least once each year thereafter, on a date and at a time set by the Board. Members and Voting Representatives shall receive notice of the annual meeting pursuant to the provisions of Section 2.5.

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Representatives representing at least twenty percent (20%) of the Members of the Association. As provided in the Declaration, provisions in these Bylaws that address the vote, agreement or consent of Voting Representatives that represent a certain percentage of Members shall be construed by assigning only one membership per applicable Lot and, in all cases, the Declarant and a Builder shall count as a Member for each applicable Lot that it owns (whether or not the separate approval of the Declarant is necessary for a particular action).

2.5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Voting Representatives shall be given by, or at the direction of, the President or the Secretary or the officers or persons calling the meeting and shall be delivered to each Voting Representative entitled to vote at such meeting, and, if required by law or in the case of the annual meeting of the Members and the Voting Representatives, to each Member, either personally, by email or by mail, not less than ten (10) nor more than fifty (50) days before the date of such meeting.

Written or printed notice stating the place, day and hour of any meeting of the Members shall be given by, or at the direction of, the President or the Secretary or the officers or persons calling the meeting to each Member, either personally, by email or by mail, not less than ten (10) nor more than fifty (50) days before the date of such meeting of the Members.

In the case of a special meeting or when otherwise required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Notices shall be addressed to the address or email address

last appearing on the books of the Association or supplied to the Association for the purpose of notice by the Voting Representative or Member, as applicable.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Representative or Member, as applicable, at his address as it appears on the records of the Association, with postage prepaid.

2.6. Waiver of Notice. Waiver of notice of a meeting of the Voting Representatives shall be deemed the equivalent of proper notice. Any Voting Representative may, in writing, waive notice of any meeting of the Voting Representatives, either before or after such meeting. Attendance at a meeting by a Voting Representative shall be deemed waiver by such Voting Representative of notice of the time, date and place thereof, unless such Voting Representative specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings. If any meeting of the Voting Representatives cannot be held because a quorum is not present, a majority of the Voting Representatives who are present at such meeting may adjourn the meeting to a time no less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Representatives in the manner prescribed for regular meetings.

The Voting Representative 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 Voting Representatives to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting. The voting rights of the Members and the voting rights of Voting Representatives are as set forth in the Declaration and in these Bylaws, and such voting rights provisions of the Declaration are specifically incorporated by this reference. As more fully addressed in the Declaration, the Voting Representatives are responsible for casting votes attributable to Lots (except in relation to the election by Members in a Neighborhood of a Voting Representative and except as may be otherwise specifically provided in the Declaration and/or in these Bylaws).

2.9. Proxies. Voting Representatives may not vote by proxy but only in person or through their designated alternates; provided, however, any Voting Representative who is only entitled to cast the vote(s) for his own Lot(s) pursuant to Section 3.4(b) of the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Representative to represent the Neighborhood.

On any matter as to which a Member is entitled to personally cast the vote for his Lot, such vote may be cast in person or by proxy, subject to the limitations of New Mexico law and subject to any specific provision to the contrary in the Declaration or these Bylaws. Every proxy shall be in writing specifying the Lot for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. A Member's proxy shall be valid only for the meeting at which it is cast.

Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Lot for which it was given, upon receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person.

2.10 Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the

context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum. Except as otherwise may be provided in these Bylaws or in the Declaration, the presence of Voting Representatives representing a majority of the Members in the Association shall constitute a quorum at all meetings of the Voting Representatives. As addressed in the Declaration, provisions in these Bylaws or the Declaration that address the vote, agreement or consent of Voting Representatives that represent a certain percentage of Members shall be construed by assigning only one membership per applicable Lot and, in all cases, the Declarant shall count as a Member for each applicable Lot that it owns (whether or not the separate approval of the Declarant is necessary for a particular action).

2.12. Conduct of Meetings. The President or a designee shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting. Any vote required or permitted by law to be taken at a meeting of the Voting Representatives may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by all Voting Representatives entitled to vote on such matter. Notwithstanding the above, if the Governing Documents require the consent or approval, and not the vote, of a certain percentage or number of the Voting Representatives, then no vote of the Voting Representatives shall be necessary, and the action shall be so approved upon the written approval of such number or percentage of Voting Representatives.

2.14 Attendance at Meetings by Members. All Members shall have the right to attend and speak at all open meetings of the Association Members. Subject to the provisions of Sections 2.13, and only to the extent required by law, if at all, Members shall have the right to attend and speak at all open meetings of the Voting Members. Notwithstanding the above, at a meeting of the Association Members, the Board may place reasonable time restrictions on any Members speaking, and at a meeting of the Voting Members, if Members are permitted to speak, the Voting

Members may place reasonable time restrictions on any Members speaking. Any portion of a meeting that is generally required by law to be open may be closed only if that portion is limited to consideration of: (i) legal advice from an attorney for the Board or Association; (ii) pending or contemplated litigation; or (iii) personal, health or financial information about an individual Member of the Association, an individual employee of the Association or an individual contractor for the Association.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Declarant during the Declarant Control Period, the directors shall be Members or residents. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Lot within the Properties; provided, in the case of a Member which is not a natural person, any officer, director, manager, managing member, member, partner or trustee of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member. No Member may have more than one representative on the Board at a time, except in the case of directors appointed by the Declarant.

3.2. Number of Directors. The Board shall consist of three (3) to nine (9) directors. The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation. No later than the termination of the Declarant Control Period, the number of directors shall be equal to the number of Neighborhoods. Except as provided immediately above, the number of directors shall be an odd number.

3.3. Directors During the Declarant Control Period. Notwithstanding anything in the Governing Documents that may be to the contrary:

(a) Except as otherwise provided in paragraphs (b) and (c) of this Section 3.3 below, during the Declarant Control Period (as addressed in the Declaration), the Declarant shall have the right to appoint and remove the directors, who shall

serve at the pleasure of the Declarant. Directors appointed by the Declarant need not be Members of the Association.

(b) Not later than sixty (60) days after the conveyance, to Owners other than Declarant, of twenty-five percent (25%) of the total of the Lots and any additional Lots in the Annexable Property that may be added to the Properties, or such earlier time as may be determined by the Declarant, at least one director (and not less than twenty-five percent (25%) of the directors) shall be elected by Voting Representatives. Each director that is elected shall serve a two-year term.

(c) Not later than sixty (60) days after the conveyance, to Owners other than Declarant, of fifty percent (50%) of the total of the Lots and any additional Lots in the Annexable Property that may be added to the Properties, or such earlier time as may be determined by the Declarant, at least thirty-three percent (33%) of the directors shall be elected by Voting Representatives.

(d) Not later than the termination of the Declarant Control Period, the Voting Representatives shall elect all of the directors, each serving a two-year term. At least a majority of the directors elected shall be Owners. Directors shall take office upon election.

(e) For clarification, the Sierra Vista Area Plan approved by the Village of Los Lunas on September 6, 2018 (Resolution 18-14), currently contemplates a development of approximately 750 single-family residential lots in Sierra Vista, and unless such Plan is amended in this regard, the number of additional Lots in the Annexable Property that may be added to the Properties shall be derived from this number.

3.4. Nomination and Election Procedures.

(a) Nomination of Directors. Except with respect to directors selected by the Declarant, and unless otherwise determined by the Board, nominations for election to the Board shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. The Nominating Committee shall be appointed by the

Board not less than thirty (30) days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 3.5 below. Nominations shall also be permitted from the floor. The Nominating Committee shall nominate separate lists of candidates from each Neighborhood to be elected by the Voting Representatives representing Members within such Neighborhood. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Voting Representative may cast all votes assigned to the Lots which it represents for each position to be filled from the list of candidates on which such Voting Representative is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

3.5. Term of Office. Notwithstanding any other provision of these Bylaws, any director elected by the Voting Representatives shall be elected for a term of two years or until the director's successor is elected and takes office.

3.6. Removal of Directors and Vacancies. Any director elected by the Voting Representatives may be removed, with or without cause, by the vote of Voting Representatives holding at least two-thirds of the votes entitled to be cast for the election of such director. Any director elected by the Voting Representatives shall not be subject to removal by the Declarant. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director pursuant to the provisions of this paragraph, a successor shall be elected by the Voting Representatives entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Notwithstanding the above, any director elected by the Voting Representatives who has three (3) consecutive unexcused absences

from Board meetings, or who is more than ninety (90) days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability or resignation of a director elected by the Voting Representatives, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting of Voting Representatives, at which time the Voting Representatives entitled to fill such directorship may elect a successor for the remainder of the term.

This Section shall not apply to directors appointed by the Declarant during the Declarant Control Period. The Declarant shall be entitled to appoint a successor to such a director as provided in Section 3.3.

B. Meetings of the Board.

3.7. Organizational Meetings. The first meeting of the Board following each annual meeting of the Members and Voting Representatives shall be held as soon as reasonably practicable thereafter at such time and place the Board shall fix.

3.8. Regular Meetings. Regular meetings of the Board may be held at such time and place a majority of the directors shall determine. Notice of the time and place of a regular meeting shall be communicated to directors not less than four days prior to the meeting, by one of the methods addressed in Section 3.9; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.9. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who

would reasonably be expected to communicate such notice promptly to the director; or (d) via email with a delivery receipt. All such notices shall be given at the director's address or contact information as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone or email shall be delivered, telephoned or emailed at least 72 hours before the time set for the meeting.

3.10. Waiver of Notice; Notice to Members.

(a) The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either notice was duly given to the directors as provided herein, or before or after the meeting each of the directors who did not receive notice and was not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(b) Notice of the time, date and location of Board meetings and drafts of any proposed policy resolutions shall be provided to Members and to Voting Members at least forty-eight (48) hours in advance electronically, by conspicuous posting, posting on the association's website or social media or by any other reasonable means as determined by the Board. If required by law, Members shall have the limited right to speak at a Board meeting as addressed in Section 2.14, with the same limitations as addressed in Section 2.14.

3.11 Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for 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, unless otherwise specifically provided in these Bylaws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than thirty days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by Voting Representatives representing a majority of the Members of the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.14. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15. Open Meetings. Subject to the provision of Section 3.16, all meetings of the Board shall be open to all Voting Representatives and, if required by law, all Owners, but the Board or the President may place reasonable time restrictions on Members who speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a

sensitive nature, such as legal advice for the Board or the Association, pending or threatened litigation, or personnel matters.

3.16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17. Powers. The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents and as provided by law. The Board may do or cause to be done all acts and things which the Governing Documents or New Mexico law do not direct to be done and exercised exclusively by the Voting Representatives or the membership generally.

3.18. Duties. The duties of the Board shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep and maintenance of the Common Areas, and to the extent applicable, the Common Facilities, as defined in the Declaration;

(d) designating, hiring and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the directors' business judgment, in depositories other than banks;

(f) making and amending any Association rules in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Area in accordance with the Declaration and these Bylaws;

(i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board, in the exercise of its business judgment, determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action, or in any case where the Board reasonably determines that the benefit to the Association of taking such enforcement action is outweighed by the resources of the Association which would be extended by the Association in pursuing such enforcement action;

(j) obtaining insurance as provided in the Declaration and in these Bylaws, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Lot, any Owner, and the holders, insurers and guarantors of

any Mortgage on an Lot, current copies of the Governing Documents and all other books, records and financial statements of the Association as addressed in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties; and

(o) indemnifying a current or former director, officer or committee member of the Association to the extent such indemnity is required or permitted by New Mexico law, the Articles of Incorporation or the Declaration;

3.19. Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policy making authority or those duties set forth in Section 3.18(a), 3.18(f), 3.18(g) and 3.18(i). The Declarant or an affiliate of the Declarant may be employed as managing agent or manager. No management agreement entered into between the Association and any professional management company (whether or not such professional management company is owned or controlled by the Grantor) shall provide for a term in excess of two (2) years and all such agreements shall permit the Association to terminate for cause upon not more than thirty (30) days' prior written notice and all such agreements shall provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

Unless otherwise limited by the Board, the President, or a person authorized by the President, shall have the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.20. Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) cash or accrual accounting shall be employed as determined by the Board;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise (anything of value received from such Persons shall benefit the Association);

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) commencing at the end of the quarter in which the first assessments are levied, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year, or any earlier time as required by law: (1) a balance sheet, (2) an operating (income) statement, and (3) a statement of changes in financial position for the fiscal year. Except as provided in paragraph (h) below, such annual report may be prepared by an independent public accountant and may be prepared on an audited, reviewed or compiled basis, as the Board may determine.

(h) at least every three years, the Board shall provide for a financial audit, review or compilation of the association's records in accordance with generally accepted accounting principles by an independent certified public accountant, the cost thereof to be assessed as a common expense. The audit, review or compilation shall be made available to lot owners within thirty (30) calendar days of its completion.

3.21. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous twelve-month period, exceeds or would exceed one hundred percent (100%) of the budgeted gross expenses of the Association for that fiscal year, the Board shall first obtain a) Voting Representative approval in the same manner provided in Section 8.5 of the Declaration for Special Assessments, and b) the affirmative vote or written consent of the Declarant if the Declarant then owns any portion of the Properties or the Annexable Property. No mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Representatives representing more than fifty percent (50%) of the Members of the Association, and the affirmative vote or written consent of the Declarant if the Declarant then owns any portion of the Properties or the Annexable Property.

3.22. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions, including, without limitation, management, operational or other agreements.

3.23. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable monetary fines, which shall constitute a lien upon an Owner's Lot, and to suspend an Owner's right to vote for violation by the Owner, or any occupant, tenant, employee, guest or invitee of the Lot or the Owner, of any duty imposed under the Governing Documents. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any assessment or other charges owed to the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws or any rule shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction (which term does not include the imposition of assessments or interest or late charges on past due assessments) hereunder or under the Declaration, the Board or its delegate shall serve the applicable Owner with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than fourteen (14) days prior to the sanction becoming effective, within which time the Owner may present a written statement and/or a written request for a hearing to the Board; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within fourteen (14) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided, the Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the fourteen-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. Notwithstanding the above, notice and hearing are not required for violations that pose an imminent threat to public health or safety.

(b) Hearing; Statement. If a hearing is requested within the allotted fourteen-day period, the hearing shall be held before the Board in executive session. The Owner shall be afforded a reasonable opportunity to be heard. Following a hearing, if requested, or review of the Owner's written statement, if presented, if the Board, by a majority vote, does not approve the proposed sanction, then such sanction

shall not be imposed. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the Board. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the Owner or its representative appears at the hearing or timely presents a statement. The minutes of the Board shall contain a written statement of the Board's vote relating to approval or disapproval of the sanction, and the sanction, if any, imposed.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these Bylaws or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules) or, following compliance with the dispute resolution procedures set forth in Article XIV of the Declaration, if applicable, by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedures set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed as trespass.

Article IV **Officers**

4.1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be, members of the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office. The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Members and Voting Representatives. The term of office for each officer of the

Association shall be one (1) year or until the officer's successor is elected and takes office.

4.3. Removal and Vacancies. The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 Resignation. 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 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.

4.6 Agreements, Contracts, Deeds, Lease, Checks, Etc. All agreements, contracts, deeds, leases, checks drawn on the Association's reserve account and other documents of the Association shall be executed by an officer or by such other person or persons as may be designated by Board resolution; provided, however, unless otherwise limited by Board resolution, the Association's management company, if any, may sign checks of the Association that are not drawn on the Association's reserve account.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V
Committees

5.1. General. The Board may appoint such committees as

it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

Article VI
Insurance and Casualty Losses

6.1. Association Insurance.

(a) The Association shall obtain and continue in effect the following types of insurance, if reasonably and economically available, or if not reasonably and economically available, the most nearly equivalent coverages as are reasonably and economically available:

(i) Property insurance for all insurable improvements that are located on the Common Area that are either A) owned by the Association, or B) to the extent that the Association has assumed such responsibility, regardless of ownership. Property insurance, if any, shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(ii) Commercial general liability insurance on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000 per occurrence with respect to bodily injury, personal injury and property damage;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Fidelity bond or fidelity insurance 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 and agents of the professional management company employed by the Association pursuant to these Restrictions. Provided, however, that the fidelity bond to be procured by the Association need not cover the professional management company and its officers, directors, employees and agents, if such professional management company 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. 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; and

(vi) Such other or additional insurance in such amounts as the Board, in its judgment, determines advisable.

(b) Policy Requirements. The Association shall annually consider or arrange for a review of the sufficiency of its insurance coverage. All Association policies shall provide for a certificate of insurance to be furnished to the Association.

Premiums for all Association insurance shall be Common Expenses. The policies may contain a reasonable deductible, and the deductible shall be treated as a Common Expense. However, if the Board determines, after notice and an opportunity to be heard in accordance with Section 3.23 of these Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees or lessees, then the Board may collect the full amount of such deductible against such Owner(s) and their Lots as a Reimbursement Assessment.

All insurance coverage obtained by the Association shall:

(i) be written with a company authorized to do business in the State of New Mexico;

(ii) be written in the name of the Association as trustee for the benefit of the Association and its Members;

(iii) not be brought into contribution with insurance purchased by Owners, occupants or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees and its manager, and the Owners and their tenants, servants, agents and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement precluding cancellation, invalidation, suspension or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

(iv) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(v) an endorsement requiring at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification or non-renewal; and

(vi) a cross liability provision.

Article VII **Miscellaneous**

7.1. Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Board establishes a different fiscal year by resolution.

7.2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with New Mexico law, the Articles of Incorporation, the Declaration or these Bylaws.

7.3. Conflicts. If there are conflicts between the provisions of New Mexico law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of New Mexico law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

7.4. Books and Records.

(a) Inspection by Members. All financial and other records of the Association (as such phrase is defined by the New Mexico Homeowner Association Act) shall be made available during regular business hours for examination by a Lot Owner within ten (10) business days of a written request. The Association may not charge a Lot Owner a fee greater than any statutory limit for copies; currently the limit is ten cents (\$.10) per page for copies. The Board shall provide for such inspection to take place at the office of the Association or at such other reasonable place as the Board shall designate.

(b) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

7.5. Notices. Except as otherwise provided in the Declaration or these Bylaws, all notices, demands, bills, statements or other communications under the Declaration or these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Voting Representative, at the address which the Member or Voting Representative has designated in writing and filed with the Secretary or, if no

such address has been designated, at the address of the Lot of such Member or Voting Representative; or

(b) if to the Association, the Board or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

7.6. Amendment.

(a) By Declarant. Prior to the conveyance of the first Lot to a Person other than a Builder, the Declarant may unilaterally amend these Bylaws. After such conveyance, the Declarant may unilaterally amend these Bylaws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation or judicial determination; (ii) to enable a reputable title insurance company to issue title insurance coverage on one or more Lots; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Lots; or (iv) to satisfy the requirements of any local, state or federal governmental agency.

Additionally, so long as the Declarant then owns any portion of the Properties or the Annexable Property, the Declarant may unilaterally amend these Bylaws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) By Voting Representatives. Except as provided above, these Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Representatives representing more than fifty percent (50%) of the Members of the Association, and if the Declarant then owns any portion of the Properties or the Annexable Property, by the consent of the Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these Bylaws shall become effective upon satisfying the requirements addressed above, as applicable, and receiving the signatures of the applicable officers of the Association thereon, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its effective date or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Bylaws.

No amendment may remove, revoke or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

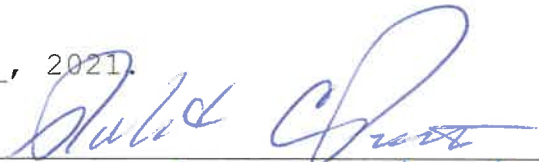
CERTIFICATION

We, the undersigned, certify that:

1. We are the duly elected and acting President and Secretary, respectively, of Sierra Vista Communities Homeowners Association, Inc., a New Mexico nonprofit corporation (the "Association"); and

2. The foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by the consent of the Board of Directors of the Association as of the 10th day of June, 2021.

DATED AS OF: 6-10, 2021.



Robert C. Prewitt, President



Mike Mechenbier, Secretary