

EXHIBIT "C"

BY-LAWS

OF

MARIPOSA ASSEMBLY, INC.



M A R I P O S A

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MARIPOSA ASSEMBLY, INC.

Chapter 1
Name, Principal Office, and Definitions

Any powerful idea is absolutely fascinating-and absolutely useless unless we choose to use it.
Richard Bach

1.1. Name

The name of the corporation shall be Mariposa Assembly, Inc. ("**Assembly**").

1.2. Principal Office

The Assembly's principal office shall be located in Sandoval County, New Mexico. It may have such other offices, either within or outside Sandoval County, as the Assembly's board of trustees may determine or as the Assembly's affairs may require.

1.3. Definitions

The words used in these Assembly By-Laws shall have their normal, commonly understood definitions unless otherwise specified. Unless the context indicates otherwise, capitalized terms shall have the same meaning as set forth in the Community Covenant for Mariposa (as may be amended from time to time, the "**Covenant**") recorded or to be recorded in the public records of Sandoval County, New Mexico, by High Desert Investment Corporation, a New Mexico corporation ("**Founder**").

Each Person that holds record title to a Unit, as defined in the Covenant, is referred to in these Assembly By-Laws as an "**Owner**." However, a Person who holds title merely as security for the

performance of an obligation (such as a lender holding a mortgage or similar security instrument) is not considered an "Owner." If a Unit is sold under a recorded contract of sale, and the contract specifically so states, the purchaser (rather than the holder of fee simple title) will be considered the Owner. If a Unit has more than one Owner, all co-Owners are jointly and severally obligated to perform the responsibilities of the Owner.

Space has been set aside throughout these Assembly By-Laws to allow the reader to make notes. Any notes made in such spaces are not part of these Assembly By-Laws.

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Chapter 2

Administration of the Assembly

*It is not only what we do, but also what we do not do, for which we are accountable.
Moliere*

2.1. Management

The Assembly shall have no members. The Assembly's board of trustees (the "**Assembly Board**") shall manage the Assembly's affairs in accordance with these Assembly By-Laws and the Covenant (The members of the Assembly Board are referred to as "**Trustees**." The term Trustee shall mean "director" as defined in the New Mexico Nonprofit Corporation Act, Chapter 53, Article 8, New Mexico Statutes). The Assembly Board shall be selected as provided in Section 3.3.

2.2. Community-Wide Meetings

From time to time, the Assembly Board may call meetings of the Mariposa owners, occupants, and other interested parties. The Assembly Board shall set the time, place, and agenda for such meetings. They also shall communicate notice of the meetings by (a) posting in a conspicuous location or locations within Mariposa, (b) publishing in a newspaper or community newsletter, (c) posting on a community cable channel or intranet or Internet website generally known to the Mariposa owners and occupants, or (d) similar means to which the Mariposa owners and occupants could reasonably be expected to have access.

Such notice shall be given, published, or posted not less than 10 nor more than 50 days prior to the meeting date. Participation in discussions during community-wide meetings shall be subject to reasonable regulation by the Assembly Board.

2.3. Special Meetings

The Assembly Board shall call a special community-wide meeting:

- (a) if a majority of a quorum of the Trustees so directs by resolution;
- (b) if the Association's board of directors requests such a meeting; or
- (c) upon petition of the Owners of at least 10% of the Units.

The notice of any special meeting shall be given as provided in Section 2.2. No business shall be transacted at a special meeting except as stated in the notice.

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Chapter 3

Board of Trustees: Number, Meetings, Powers

Democracy's the worst form of government except for all the others.
Sir Winston Churchill

A. Composition and Selection

3.1. Governing Body

The Assembly's affairs shall be governed by the Assembly Board. Each Trustee shall have one equal vote.

3.2. Number and Qualification of Trustees

The initial Assembly Board shall consist of the three Trustees identified in the Articles of Incorporation. During the time that the Founder is authorized to appoint Trustees as provided in Section 3.3, there shall be at least three and no more than nine Trustees, as the Founder may determine. After termination of the Founder's right to appoint Trustees, the Trustees shall be appointed as described in Section 3.3. Each Trustee shall be a natural person of at least 18 years of age.

3.3. Selection of Trustees; Term of Office

For a period of five years from the date the Covenant originally is recorded, the Founder, in its discretion, may appoint, remove, and replace all of the Trustees on the Assembly Board. Thereafter, the Assembly Board shall be comprised of:

(a) five Trustees selected by the Association's board of directors in accordance with such election or appointment procedures as the Association's board may establish;

(b) one Trustee elected by the Owners of Units which are not subject to the Charter (each such Owner having one equal vote for each Unit it owns to be cast by mail or such other means as the Assembly Board may establish); and

(c) one Trustee appointed by the Founder until such time as the Founder no longer owns any property subject to the Covenant or which it may unilaterally submit to the terms of the Covenant. Thereafter, the Assembly Board, by majority vote of the Trustees, shall elect one Trustee.

The terms of the initial Trustees elected upon termination of the Founder's right to appoint the Trustees shall be staggered, with four of the initially elected Trustees serving three-year terms and three of the initially elected Trustees serving a two-year term, as they among themselves determine. Upon the subsequent expiration of the term of office of any Trustee, successor Trustees shall be elected to serve two-year terms. A Trustee may serve any number of consecutive terms.

In addition to the above, the Youth Board may appoint a representative to serve as a Trustee in an *ex officio* capacity, as provided in the Covenant. The Director of Community Enrichment also shall serve as a Trustee in an *ex officio* capacity.

3.4. Resignation and Removal of Trustees; Vacancies

Any Trustee may resign at any time by giving written notice to the Trustees, the President, or the Secretary. Such resignation shall take effect on the date such notice is received or at a later time specified in the notice. Acceptance of such

resignation shall not be necessary to make it effective.

Any Trustee may be removed, with or without cause, upon a majority vote of the other Trustees or by the Founder, so long as the Founder continues to own any property within Mariposa. Any vacancy created by such removal shall be filled for the unexpired portion of the term in the same manner as the removed Trustee was selected (as provided in Section 3.3).

B. Meetings

3.5. Organizational Meetings

The first meeting of the Trustees shall be held within 90 days following the date of issuance of a certificate of incorporation at such time and place as the Trustees shall fix.

3.6. Regular Meetings

Regular Trustee meetings may be held at such time and place as a majority of the Trustees determine from time to time; however, at least four meetings shall be held during each fiscal year with at least one meeting each fiscal quarter.

3.7. Special Meetings

When called by written notice signed by the President, Vice President, or any two Trustees the Trustees shall hold a special meeting. The Secretary shall prepare and distribute written notice of any special meetings specifying the time and place of the meeting and the nature of any special business to be considered.

3.8. Quorum of Assembly Board

At all Assembly Board meetings, a majority of the Trustees shall constitute a quorum for transacting business, and votes of a majority of the Trustees present shall constitute the Trustees' decision, unless New Mexico law provides otherwise. If a quorum is present, the Trustees may continue to transact business, notwithstanding

the withdrawal of Trustees, if any action taken is approved by at least a majority of the required quorum for that meeting.

If any Assembly Board meeting cannot be held because a quorum is not present, a majority of the Trustees who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the scheduled date of the original meeting. At the reconvened meeting, if a quorum is present, any business that could have been transacted at the originally called meeting may be transacted without further notice.

3.9. Compensation

Trustees shall not receive any compensation for acting as such unless a majority of the Trustees consents in writing, excluding the Trustee whose compensation is in question. A Trustee may receive reimbursement for expenses incurred on the Assembly's behalf upon approval of a majority of the other Trustees.

Nothing herein shall prohibit the Assembly from compensating a Trustee, or any entity with which a Trustee is affiliated, for services or supplies furnished to the Assembly in a capacity other than as a Trustee pursuant to a contract or agreement with the Assembly. However, such Trustee must make his or her interest known to the Trustees prior to entering into such contract, and a majority of Trustees other than the interested Trustee must approve such contract.

3.10. Conduct of Meetings

The President or an Assembly Board-approved designee shall preside over all Assembly Board meetings. The Secretary shall ensure that minutes of the meetings are kept and that all resolutions adopted and all other transactions occurring at such meetings are kept with the Assembly's books.

Subject to Section 3.11, and the Assembly Board's right to deliberate in executive session,

all Assembly Board meetings shall be open to the Founder, all Mariposa Owners and occupants, and all directors, officers, and authorized representatives of the Association. Non-Trustees may not participate in any discussion or deliberation unless a Trustee requests permission for the attendee to speak. In such case, the President may limit the time any individual may speak.

Notwithstanding the above, the President may adjourn any Assembly Board meeting and reconvene in executive session, and may exclude persons other than Trustees, for consideration of one or more of the following topics, without limitation:

(a) employment or personnel matters for Assembly employees;

(b) legal advice from an attorney for the Trustees or the Assembly;

(c) pending or contemplated litigation; and/or

(d) pending or contemplated matters relating to enforcement of the Assembly's documents or rules.

3.11. Action Without a Formal Meeting

Any action taken or which may be taken at an Assembly Board meeting may be taken without a meeting if all Trustees sign a consent setting forth the action so taken. Such consent shall have the same force and effect as a unanimous vote. All consents shall be filed with the minutes of the proceedings of the Assembly Board.

3.12. Electronic Participation

One or more Trustees may participate in and vote during any regular or special Assembly Board meeting by telephone conference call, fiber optics, or similar audio or video communication equipment by means of which all persons participating in the meeting can hear each other

at the same time. Those Trustees so participating shall be deemed present at such meeting for all purposes including determining a quorum.

C. Powers and Duties

3.13. Powers

The Assembly Board shall have all the powers which New Mexico law provides for nonprofit corporations and those necessary and desirable to administer the Assembly's affairs and to perform the Assembly's responsibilities and to exercise its rights as set forth in these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation.

For purposes of illustration but not limitation, the Trustees shall have the power to:

(a) provide for activities, services, and programs designed to further the Assembly's mission as set forth in these Assembly By-Laws;

(b) impose reasonable membership requirements and/or charge reasonable admission, use, or consumption fees for the use and enjoyment of the various services and programs provided by or through the Assembly and for the use and enjoyment of any of the Areas of Assembly Responsibility; and

(c) enforce the provisions of these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation and the rules and regulations of the Assembly, and bring any proceedings concerning the Assembly.

3.14. Duties

The Assembly Board's duties shall include those imposed by law, and, without limitation:

(a) overseeing the preparation of and adopting annual budgets for Assembly Expenses;

(b) levying assessments, fees, and other charges to pay for Assembly Expenses, and establishing the means and method of collecting such payments as set forth in these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation;

(c) collecting the Mariposa Preservation Contribution, and establishing the means and method of collecting such funds;

(d) making available to any Owner, mortgagee, or prospective purchaser of a Unit, copies of these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation, and rules promulgated by the Assembly Board. The Assembly Board may establish and charge fees to cover its printing and mailing costs; and

(e) cooperating with the Association and fulfilling its responsibilities under the Covenant.

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CHAPTER 4

Officers

Only those who dare to fail greatly will achieve greatly.
Robert F. Kennedy

4.1. Officers

The Assembly officers shall be a President, Secretary, and Treasurer. The President and Secretary shall be elected from among the Trustees; other officers may, but need not, be Trustees. The Assembly Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Assembly Board prescribes. The same person may hold any two or more offices except the offices of President and Secretary.

4.2. Election and Term of Office

The Assembly Board shall elect the Assembly officers at such times as it deems appropriate or when a position becomes vacant. Officers may serve terms of such length as the Assembly Board may designate, but not to exceed two years.

4.3. Removal and Vacancies

The Assembly Board may remove any officer whenever in its judgment the Assembly's best interests 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 Assembly's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and du-

ties as the Assembly Board may from time to time specifically confer or impose. The President shall be the Assembly's chief executive officer. The Secretary shall be responsible for ensuring that the minutes of all Assembly Board and committee meetings are kept and shall have charge of such books and papers as the Assembly Board may direct. The Treasurer shall be primarily responsible for preparing the budget of Assembly Expenses but may rely upon accounting or other professionals in the process of doing so.

4.5. Resignation

Any officer may resign at any time by giving written notice to the Assembly 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. Acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Assembly shall be executed by at least two officers, or by such other person or persons as may be designated by Assembly Board resolution.

4.7. Compensation

Compensation of officers shall be subject to the same limitations as compensation of Trustees under Section 3.9.

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CHAPTER 5

Management and Administration

Good thoughts are no better than good dreams if you don't follow through.
Ralph Waldo Emerson

5.1. Standards for Trustees and Officers

The Assembly Board shall exercise its powers in a reasonable, fair, nondiscriminatory manner and shall adhere to the procedures established in these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation.

In performing their duties, Trustees and officers shall act as fiduciaries and shall be insulated from liability as provided for directors of corporations under New Mexico law and as otherwise provided by these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation. Trustees and officers shall discharge their duties as Trustees or officers, and as members of any committee to which they are appointed, in a manner that the Trustee or officer believes in good faith to be in the best interest of the corporation and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. A Trustee is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by others to the extent authorized under New Mexico law.

5.2. Liability

(a) A Trustee shall not be personally liable to the Assembly or any other Person for any action taken or not taken as a Trustee if the Trustee has acted in accordance with Section 5.1 and has acted in compliance with Section 53-8-25.1 of the New Mexico Nonprofit Corporation Act as it may be amended.

(b) Pursuant to the business judgment rule, a Trustee also shall not be personally liable for any action taken or not taken as a Trustee if the Trustee:

(i) acts within the expressed or implied scope of these Assembly By-Laws, the Covenant, and the Assembly's Articles of Incorporation and his or her actions are not *ultra vires*;

(ii) affirmatively undertakes to make decisions which are necessary for the continued and successful operation of the Assembly and, when decisions are made, they are made on an informed basis;

(iii) acts on a disinterested basis, promptly discloses any real or potential conflict of interests (pecuniary or other), and avoids participation in such decisions and actions on matters as to which he has a conflict of interest; and

(iv) acts in a non-fraudulent manner and without reckless indifference to the Assembly's affairs.

(c) The Assembly's officers, Trustees, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, misconduct, recklessness, or bad faith. The officers and Trustees shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on the Assembly's behalf.

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5.3. Indemnification

Subject to the limitations of New Mexico law, the Assembly shall indemnify every officer, Trustee, and committee member against all damages and expenses, including counsel fees and expenses, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Assembly Board) to which he or she may be a party by reason of being or having been an officer, Trustee, or committee member, except that the Assembly shall have no obligation to indemnify any individual against liability or expenses incurred in connection with a proceeding:

(a) brought by or in the right of the Assembly, although it may reimburse the individual for reasonable expenses incurred in connection with the proceeding if it is determined, by the court or in the manner provided above, that the individual met the relevant standard of conduct under New Mexico law; or

(b) to the extent that the individual is adjudged liable for conduct that constitutes:

(i) appropriation, in violation of his or her duties, of any business opportunity of the Assembly; or

(ii) intentional misconduct or knowing violation of the law;

(iii) an unlawful distribution to Trustees or officers; or

(iv) receipt of an improper personal benefit.

This right to indemnification shall not be exclusive of any other rights to which any present or former officer, Trustee, or committee member may be entitled. The Assembly shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

5.4. Training Seminar

In cooperation with or independent of the Association's board, the Assembly Board may provide or provide for seminars and continuing educational opportunities designed to educate and inform Trustees and officers of their responsibilities as such. Such programs may include instruction on applicable New Mexico corporate and fiduciary law principles, other issues relating to administering community affairs, and upholding and enforcing these Assembly By-Laws, the Covenant, and Assembly's Articles of Incorporation. The Trustees may retain industry professionals, which may include attorneys and accountants, as appropriate or necessary for such purpose. The Assembly Board may require that each newly elected Trustee and officer complete a training seminar within the first six months of assuming such position.

5.5. Conflicts of Interest

Unless otherwise approved by a majority of the other Trustees, no Trustee or officer may transact business with the Assembly or the Association, or any Assembly or Association contractor, during his or her term as Trustee or officer or within two years after the term expires. A Trustee or officer shall promptly disclose in writing to the Assembly Board any actual or potential conflict of interest relative to his or her performance as a Trustee or officer. A Trustee's or officer's failure to make such disclosure shall be grounds for removal by a majority vote of the other Trustees members. The Trustees may void any contract that creates a prohibited conflict of interest.

Notwithstanding the above, Trustees appointed by the Founder may be employed by or otherwise transact business with the Founder or its affiliate, and the Founder may transact business with the Assembly.

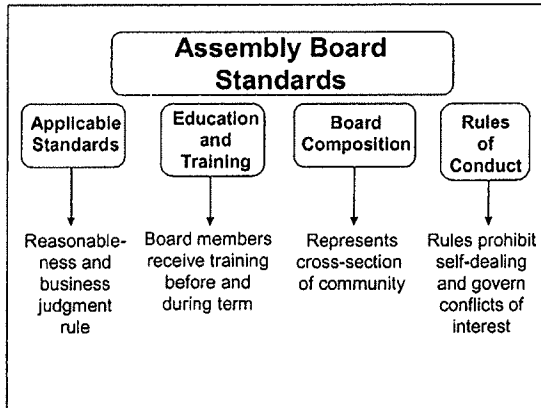
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Notwithstanding the above, any Trustee the Founder appoints may be employed by or otherwise transact business with the Founder or any affiliate of the Founder, and the Founder may transact business with the Assembly, the Association, or their contractors.

5.6. Management

The Assembly may employ an agent or agents, at such compensation as the Assembly Board may establish, to perform such duties and services as the Assembly Board shall authorize. Subject to the Assembly Board's supervision, the Assembly Board may delegate to the agent or agents such powers as are necessary to perform its assigned duties but shall not delegate policy-making authority. The Founder may be the agent.

The Trustees may delegate to any single Trustee the authority to act on their behalf on all matters relating to any agent's duties that arise between Assembly Board meetings.

The Trustees may not terminate any agency contract, or retain a new agent, without the Founder's approval for so long as the Founder owns property within Mariposa. Any such contract may, among other things, authorize action as the Assembly's agent with respect to the expenditure of Assembly funds within the scope of the approved Assembly budget.

5.7. Right to Contract

The Assembly shall have the right to contract with any person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements, or covenants to share costs with a property owners association or any other entity within or outside Mariposa.

5.8. Right to Appoint Committees

The Trustees may appoint such committees as they deem appropriate to perform such tasks as the Assembly Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution. Unless otherwise specified in the resolution creating the committee, service on a committee shall be for a term of two years. The Trustees shall have the right to disapprove or veto any committee decision or action. Committees shall not have the authority contractually to bind the Assembly or to commit the Assembly financially or otherwise.

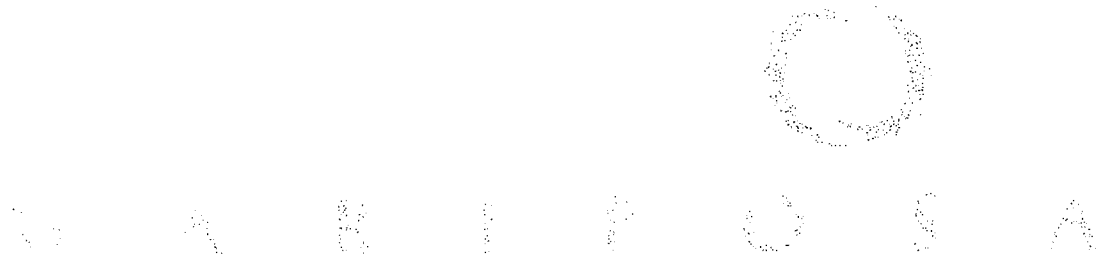
5.9. Limitation on Assembly Authority

The Association exists independently from the Assembly and is managed and administered in accordance with the Charter and the Association's other governing documents. Unless the Association otherwise specifically consents in writing, or unless specifically provided in the Charter, the Assembly has no authority to, and shall not (a) enforce the Charter or any Association rights; (b) maintain, improve, operate, or encumber Association-owned or administered property; (c) act as the Association's agent or representative; (d) commit the Association to any contracts, obligations, or costs; (e) hire, terminate, direct, manage, or supervise any of the Association's employees or its managing agent; (f) solicit the Association's employees or agents to become the Assembly's employee or exclusive agent (provided, this shall not prevent the Assembly and the Association from being jointly managed); or (g) assess

the Owners, except as otherwise specifically permitted under the Covenant or the Charter.

This Section is for the benefit of and shall be enforceable by the Association.

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CHAPTER 6

Accounting and Insurance

*Not everything that can be counted counts, and not everything that counts can be counted.
Albert Einstein*

6.1. Accounts and Reports

The following management standards of performance shall be followed unless the Assembly Board, by resolution, specifically determine otherwise:

(a) generally accepted accounting principles shall be employed;

(b) the Assembly's cash accounts shall not be commingled with any other accounts;

(c) no persons, on behalf of the Assembly, shall accept remuneration from vendors, independent contractors, or others providing goods or services to the Assembly, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Assembly;

(d) the Director of Community Enrichment or any other agent of the Assembly shall disclose promptly to the Assembly Board any financial or other interest which he or she may have in any firm providing goods or services to the Assembly; and

(e) an annual report consisting of at least the following shall be made available for inspection by any interested party within 120 days after the close of the fiscal year: (i) a balance sheet showing actual receipts and expenditures; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Assembly Board determines, by an independent public accountant. The Assembly's annual report

shall be delivered to the New Mexico Public Regulation Commission in accordance with New Mexico law.

The Assembly's Annual Report

Contains the following:

- a balance sheet showing actual receipts and expenditures
- an income statement
- a statement of changes in financial position for the fiscal year

The Assembly shall provide any interested party a copy of the annual financial report within 10 business days following receipt of a written request for access.

6.2. Borrowing

The Assembly shall have the power to borrow money for any legal purpose.

6.3. Insurance

Acting through the Assembly Board or its duly authorized agent, the Assembly shall obtain and maintain in effect the following types of insurance, if reasonably available and affordable and to the extent the Assembly Board deems reasonably necessary:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name

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denominated) for such improvements as customarily are insured on property which the Assembly owns, if any. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies which the Assembly obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(b) Commercial general liability insurance on any property which the Assembly owns or maintains, insuring the Assembly for damage or injury which the Assembly or any of its employees, agents, or contractors negligently causes while acting on its behalf. The commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$3,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; however, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Assembly shall obtain such additional coverage or limits;

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

(d) Directors and officers liability coverage;

(e) Fidelity insurance covering all persons responsible for handling Assembly funds in an amount determine in the Assembly Board' business judgment but not less than an amount equal to one-quarter of the Annual Assessments on all individually owned property plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation; and

(f) Such additional insurance as the Assembly Board, in the exercise of their business judgment, determines advisable, which may include, without limitation, flood insurance, boiler and machinery insurance, and building ordinance coverage.

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CHAPTER 7
Miscellaneous

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We find no real satisfaction or happiness in life without obstacles to conquer and goals to achieve.
Dr. Maxwell Maltz

7.1. Fiscal Year

The Assembly's fiscal year shall be the calendar year unless the Assembly Board establishes a different fiscal year by resolution.

7.2. Parliamentary Rules

Except as may be modified by the Assembly Board, *Robert's Rules of Order* (current edition) shall govern the conduct of Assembly proceedings when not in conflict with New Mexico law, the Assembly's Articles of Incorporation, or these Assembly By-Laws.

7.3. Conflicts

If there are conflicts among the provisions of New Mexico law, the Covenant, the Assembly's Articles of Incorporation, and these Assembly By-Laws, the provisions of New Mexico law, the Covenant, the Assembly's Articles of Incorporation, and these Assembly By-Laws (in that order) shall prevail.

Diagrams, tables, and text set apart in boxes, some with "key" icons, are used in the Covenant and in these By-Laws to illustrate concepts and assist the reader. If there is a conflict between any of these and the text of the documents, the text shall control. In addition, the quotations set apart in boxes are for information only and have no legal effect.

7.4. Books and Records

(a) Inspection by Owners and Mortgagees. The Assembly Board shall make the following available for inspection and copying by the

Founder, any Owner, mortgagee of a Unit, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in his or her property: the Assembly's Articles of Incorporation, the Covenant, and these Assembly By-Laws, including any amendments, Assembly rules, books of account, and the minutes of Assembly Board meetings. The Assembly shall provide for such inspection to take place at the Assembly's office or at such other place as the Assembly Board designates.

(b) Rules for Inspection. The Assembly Board shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Trustees. Every Trustee and the Founder shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Assembly and the physical properties the Assembly owns or controls. The right of inspection by a Trustee or the Founder includes the right to make a copy of relevant documents at the Assembly's expense.

7.5. Notices

Unless otherwise provided in these Assembly By-Laws, all notices, demands, bills, statements, or other communications under the Covenant or these Assembly By-Laws 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 an Owner, at his or her address as designated in writing and filed with the Assembly's Secretary or, if no such address has been designated, at the address of the owner's property within Mariposa;

(b) if to the Association, to the address designated by the Association in writing to its Secretary, or if no such address has been designated, at the Association's principal office; and

(c) if to the Assembly, the Founder, Trustees, or managing agent, at the Assembly's, the Founder's, Trustees', or managing agent's principal office, or at such other address as shall be designated by notice in writing.

All such notices shall be deemed delivered (a) upon personal delivery to the party or address specified above; or (b) on the third day after mailing when mailed by first class mail, postage prepaid, and properly addressed. Notices given by personal delivery, telephone, or other device shall be delivered or transmitted at least 72 hours before the time set for the meeting.

Alternatively, all such notices may be sent by means of facsimile or other electronic communication with confirmation of receipt. Such notice shall be deemed delivered upon transmission and confirmation of receipt.

Except for emergency meetings, notice of each Assembly Board meeting shall be communicated to Owners and occupants of the Mariposa community by posting in a conspicuous location or locations within Mariposa, publishing in a newspaper or community newsletter, or posting on a community cable channel or intranet or internet website generally known to Mariposa Owners and occupants, or by similar means to which the owners and occupants could reasonably be expected to have access. As an alternative to providing separate notice for each meeting, the Assembly Board may post or publish a schedule of upcoming, regular Assembly Board meetings.

Transactions of any Assembly Board meeting, however called and noticed or wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each absent Trustee 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 meeting's purpose. Notice of a meeting also shall be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about lack of adequate notice.

7.6. Amendment

The Founder may unilaterally amend these Assembly By-Laws at any time if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage; (c) 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; (d) to enable any governmental agency or reputable private insurance company to insure mortgage loans; or (e) to satisfy the requirements of any governmental agency.

In addition, these Assembly By-Laws may be amended from time to time by the Assembly Board upon approval of a majority of the Trustees; provided, any amendment shall require the Founder's written consent for so long as the Founder owns any property described in Exhibit "A" or "B" to the Covenant. 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. Any amendment by the Assembly Board shall be

prepared and signed by the President or Vice President and by the Secretary or Treasurer of the Assembly certifying that the requisite approval was obtained.

Amendments are effective upon adoption and execution by two officers and shall be recorded. No amendment may remove, revoke, or modify any right or privilege of the Founder without the Founder's written consent or the assignee of such right or privilege. No amendment may remove, revoke, increase, or modify any Association right, privilege, or obligation without the Association's written consent.

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NOTES AND THOUGHTS

