

BY-LAWS
OF
LA VIVEZA DE SANTA FE
HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Name

The name of this association shall be

LA VIVEZA DE SANTA FE HOMEOWNERS' ASSOCIATION, INC. ("Association")

ARTICLE II

Office

The principal office of the Association shall be at Santa Fe, New Mexico, at a place designated by the Board of Directors ("Board")

ARTICLE III

Purpose, Members

Section 1. Purpose, Duties, Powers. The Association is a New Mexico nonprofit corporation which shall be responsible for all obligations imposed by that "Declaration of Covenants and Restrictions, La Viveza de Santa Fe Subdivision", filed in the records of the clerk of Santa Fe County, New Mexico, at Book 480, Pages 747-766, on January 12, 1984, hereinafter the "Declaration," and by those By-Laws. The Association shall be entitled to exercise all and every power necessary and convenient to satisfy such obligations, including but not limited to those permitted by the Declaration and the New Mexico Nonprofit Corporation Act, subject to the limitations set forth therein.

Section 2. Members. The Association shall have one class of members. The membership of the Association shall consist of any record holder or holders of fee simple title to any of the twenty-six numbered parcels of land shown upon the plat of the subdivision of the La Viveza de Santa Fe Subdivision ("Lot"), and any holder or holders of equitable title to any Lot by virtue of a real estate contract, except for those holding such interest as security for performance of an obligation ("Owner").

Section 3. Annual Meetings. An annual meeting of the Association shall be held during the month of August each year or as designated by the Board. At such annual meeting, the members of the Board shall be elected by ballot of the Owners in accordance with the requirements of Section 3 of Article IV of these By-Laws.

Section 4. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Owners as may be designated by the Board.

Section 5. Special Meetings. The President shall call a special meeting of the Association if so directed by resolution of the Board or upon a petition signed and presented to the Secretary by Owners having not less than twenty percent (20%) of the votes in the Association.

Section 6. Notice of Meetings. The Secretary shall mail to each Owner at the mailing address of the Lot owned by the Owner, or to any other address designated in writing by the Owner, a notice of each meeting of the Association at least fifteen (15) but not more than sixty (60) days prior to such meeting, stating the time, place and purpose thereof. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 7. Adjournment of Meetings. If at any meeting of the Association a quorum is not present, Owners having a majority of the votes represented at such meeting in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days after the time the original meeting was called.

Section 8. Order of Business. The order of business of all meetings of the Association shall be as follows:

- (a) Determination of quorum;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of Board;
- (f) Reports of committees;
- (g) Election or appointment of election tellers (when so required);
- (h) Election of members of the Board (when so required);
- (i) Unfinished business; and
- (j) New business.

Section 9. Voting. With respect to each matter submitted to the membership, there shall be one vote allocated to each Lot. The Owner of each Lot shall be entitled to exercise the vote allocated to the Lot, provided that the Owner is not designated as a Delinquent Owner as defined hereinafter. In the event of multiple ownership of a Lot, the vote of such Lot shall be cast by the person or entity designated in a certificate executed by all the Owners of such Lot and filed with the Secretary ("Ownership and Voting Certificate"). In the absence of an Ownership and Voting Certificate, the vote allocated to that Lot shall not be cast.

Unless otherwise provided in the Declaration or these By-Laws, the vote of Owners having more than fifty percent (50%) of those votes actually cast, in person or by proxy, at a duly convened meeting at which a quorum is present is sufficient to adopt decisions or take action at any meeting of the Association. Any Owner who is delinquent in the payment or satisfaction of any duly authorized obligation to the Association, including but not limited to fees, assessments, fines, working capital fund contributions, shall be designated as a delinquent Owner ("Delinquent Owner"). A Delinquent Owner may not vote at any meeting of the Association, and may not be elected to or serve on the Board.

No votes allocated to a Lot owned by the Association may be cast.

Section 10. Proxies. A vote may be cast in person or by proxy. A proxy shall be duly executed in writing, shall be valid only for the particular meeting designated therein and any adjournments thereof, and must be filed with the Secretary at or before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from the person or persons executing the proxy.

Section 11. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Owners having forty percent (40%) or more of the votes in the Association shall constitute a quorum at all meetings of the Association. The Board may, in its discretion, authorize telephonic attendance. It is provided, however, that for purposes of calculating a quorum, the votes in the Association shall be exclusive of the votes of any and all Delinquent Owners. Any meeting of the Association that is canceled for lack of a quorum may be rescheduled within thirty (30) days (the "Rescheduled Meeting"). At the Rescheduled Meeting, the presence in person or by proxy of Owners having thirty-three percent (33%) or more of the votes in the Association shall constitute a quorum.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted thereat. The President may appoint a person to serve as Parliamentarian at any meeting of the Association. The then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Declaration or these By-Laws. All votes shall be tallied by tellers appointed by the President.

ARTICLE IV

Board of Directors

Section 1. Powers and Duties. The affairs and property of the Association shall be managed and controlled by the Board of Directors. The Board shall have all of the powers and duties necessary therefor, and may do all and any lawful act or thing not reserved to or required to be done by the Owners or by the Estancia Primera Community Services Association or its membership. The Directors shall in all cases act as a Board and regularly convene, and in the transaction of any business, the act of the majority present at a meeting, except as otherwise provided by law, shall be the act of the Board. The Directors may adopt such rules and regulations for the conduct of their meetings and the management of the corporation as they may deem proper, not inconsistent with law or these By-Laws. Without limiting the foregoing, the Board, on behalf of the Association, and through such of its members or agents as it may designate from time to time, shall:

- (a) adopt and amend rules and regulations;
- (b) propose for approval by the Owners annual budgets for revenues, expenditures and reserves and establish and collect the assessment of each Owner for the Common Expense. "Common Expense" shall be defined as any expenditure made or financial liability incurred by the Association together with any allocations to reserves, for or in connection with its powers or duties established herein. The Board may not expend more than ten percent (10%) in excess of any approved annual budget without first receiving

approval by the Owners at a special meeting; however, in the event the Board determines that time is of the essence for such an expenditure, authorization may be given by vote of 60% of the Owners in writing or by e-mail;

(c) hire and discharge such managing agents and other employees, agents and independent contractors as the Board may from time to time determine to be in the best interest of the Association;

(d) defend actions or administrative proceedings brought against it or the Association;

(e) make such contracts and incur such liabilities as the Board may from time to time determine to be in the best interest of the Association;

(f) regulate the use, maintenance, repair, modification of Common Areas. "Common Areas" shall be defined as those areas within the property of the Subdivision designated for the common benefit of the Owners, the Association and the Subdivision;

(g) maintain in good order and repair all Common Areas;

(h) pay taxes, if any, levied against the Common Areas;

(i) grant such easements, leases, licenses and concessions through or over the Common Areas as the Board may from time to time determine to be in the best interest of the Association;

(j) propose for Owner approval such charges for late payment of assessments and, after notice and an opportunity to be heard, levy such reasonable fines for violations of the Declaration, By-Laws and rules and regulations of the Association as the Board may from time to time determine to be in the best interest of the Association;

(k) contract for and maintain such policy or policies of insurance as the Board may from time to time determine to be in the best interest of the Subdivision, including liability and property damage insurance for the Common Areas, and such insurance as may be necessary to protect adjacent property owners from the failure of drainage and erosion control structures within the Subdivision;

(l) commence, intervene in, and maintain such legal or administrative actions or proceedings as the Board may from time to time determine to be in the best interest of the Subdivision and do so in the name of the Association and on its own behalf or on behalf of any Owner who consents thereto;

(m) inspect, maintain and replace those drainage control structures located within the Subdivision;

(n) notify a Known Mortgagee, as hereinafter defined, of any default hereunder by the Owner of the Lot subject to such mortgage, in the event such default continues for a period exceeding thirty (30) days after notification of the Owner of such default;

(o) enforce the covenants, restrictions, easements, charges and liens, and other terms and conditions of the Declaration;

- (p) do such other things and acts not inconsistent with the Declaration or these By-Laws which the Board may be authorized to do by a resolution of the Association;
- (q) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at the annual meeting of the Owners, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Owners;
- (r) address those responsibilities regarding the annual budget, regular assessments and special assessments explained in Article VIII of the By-Laws.

Section 2. Managing Agent. The Board shall be entitled to employ for the Subdivision a managing agent ("Managing Agent") at a compensation established by the Board.

(a) Duties. The Managing Agent, if any, shall perform such duties and services as the Board shall authorize from time to time, subject to such limitations as the Board may establish in connection therewith. The Board may delegate to the Managing Agent all of the powers granted to the Board by these By-Laws.

(b) Standards. The Board shall impose appropriate performance standards upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board;

- (1) the cash method of accounting shall be employed;
- (2) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (3) cash accounts of the Association shall not be commingled with any other accounts;
- (4) 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, finders fees, service fees or otherwise, and any discounts received shall benefit the Association;
- (5) 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; and
- (6) a monthly financial report shall be prepared for the Association by the Managing Agent disclosing:
 - (i) all income and disbursement activity for the preceding month,
 - (ii) the status of all accounts in an "actual" versus "projected" budget format; and
 - (iii) any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves; or five percent (5%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts).

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Section 3. Board Composition

(a) The Board shall be composed of not less than five (5) Directors and shall be divided into two classes of as nearly equal number as possible. The Directors in each class shall have terms of two (2) years and be elected on alternating years or until their successors shall have been elected.

(b) Only Owners may be members of the Board and may be nominated for election only as follows:

(1) any Owner may submit to the Secretary at least thirty (30) days before the meeting at which the election is to be held a nominating petition signed by Owners owning at least three (3) Lots, a statement that the Owner nominated is willing to serve on the Board and a biographical sketch of the nominee. The Secretary shall mail or hand-deliver the submitted items to every Owner prior to the meeting; or

(2) nominations may be submitted from the floor at the meeting at which the election is held if the number of persons nominated by petition does not equal or exceed twice the number of positions to be filled.

(3) all nominations will designate the office for which the Owner is being nominated or if the Owner is being nominated as a Board member "at large."

(c) Cumulative voting shall be permitted in the election of Directors. Cumulative voting is a type of voting in which an Owner may cast as many votes for Directors as he/she has lots multiplied by the number of Directors to be elected. The Owner may cast all his/her votes for one or more of the directors on the slate. Those persons shall be elected as Directors who receive the greatest number of votes cast.

Section 4. Removal or Resignation of Members of the Board. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by the vote of Owners having more than fifty percent (50%) of those votes actually cast in person or by proxy at a meeting at which a quorum is present, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given at least seven (7) days' notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A Director may resign at any time by giving written notice to the Board, the President or the Secretary. A Director shall be deemed to have resigned when the person fails to qualify as an Owner or has been designated as a Delinquent Owner for more than thirty (30) days.

Section 5. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Director by a vote of the Owners shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum. Each person so elected shall be a Director for the remainder of the term of the Director being replaced and until a successor shall be elected or appointed at the next annual meeting of the Association.

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Section 6. Annual Meeting. The annual meeting of the Board shall be held immediately following and at the same place as the annual meeting of the Association at which such Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Board shall be present at such annual meeting.

Section 7. Regular Meetings. Regular meetings of the Board of Directors shall be held at a frequency to be established by the Board at such place and hour as fixed by the President or the person convening the meeting. It is provided, however, that there shall be no less than two (2) meetings held per year. Notice of regular meeting of the Board shall be given to each Director at least three (3) business days prior to the day named for such meeting.

Section 8. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by two (2) Directors, after not less than three (3) days notice to each Director, which notice shall state the time, place and purpose of the meeting.

Section 9. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose of such meeting, except when the member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 10. Quorum of Board. 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. A Director who becomes a Delinquent Owner shall not be considered as a Board member in determining a quorum and may not vote on Board matters. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 11. Compensation. No Director shall receive any compensation from the Association for acting as such. This provision shall not be construed to prevent the Board from reimbursing Directors for any expense incurred in attending a meeting of the Board, nor to prevent any Director from contracting specially to provide necessary services or products to the Association or the Board.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep, a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings, The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board when not in conflict with the Declaration or these By-Laws.

Section 13. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all Directors shall consent in writing to such action. "Writing" for purposes of expressing consent includes e-mail. Any action so approved shall have the same effect as though taken at a meeting of the Board. Any such written consent shall be filed with the minutes of the proceedings of the Board.

ARTICLE V

Officers

Section 1. Number. The officers of the Association shall be a president, one or more vice-presidents (the number thereof to be determined by the Board), a secretary, and a treasurer, and such other officers and assistant officers as may be deemed necessary by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected by the Owners at the annual meeting. If the election does not result in all offices being filled, the Board shall elect officers from the Board members to fill the positions. Each officer shall hold office until his/her successor shall have been duly elected and shall have qualified or until his/her death or until he/she shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal and Resignation. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 5. The President. The president shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control all of the business and affairs of the Association and shall see that the orders and resolutions of the Board are carried out. He/she shall, when present, preside at all meetings of the Board and the Owners. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the Board, deeds, mortgages, bonds, contracts, or other written instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

Section 6. The Vice-Presidents. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated at the time of their election or in the absence of any designation, then in the order of their election) shall perform the duties of and be subject to all the restrictions upon the president. Any vice-president shall perform such other duties as from time to time may be assigned by the president or by the Board.

Section 7. The Secretary. The secretary shall: keep the minutes of the proceedings of the Association and the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the Association records; keep a register of the post office address of each Director, Owner, and mortgagee entitled to notice, which shall be furnished to the secretary by such member, Owner or mortgagee; prepare, execute, and certify written instruments which the Board

has authorized to be executed on behalf of the Association; and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the Board. The minutes of proceedings of the Association and the Board shall, whenever applicable, include a summary of the Treasurer's report.

Section 8. The Treasurer. The Treasurer shall: receive and deposit in appropriate bank, brokerage and savings and loan accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, sign all checks and promissory notes of the Association, keep proper books of account, and prepare a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy to the Owners, and such other duties as from time to time may be assigned by the President or by the Board. The Treasurer shall prepare a statement of income, expenditures and reserves to be presented at each Board meeting. Upon request of any Owner, not to exceed once per year apart from the Annual meeting, the Treasurer shall make the books of account available for inspection by the requesting Owner. If required by the Board, the treasurer shall give a bond for the faithful discharge of his/her duties in such sum and with such surety or sureties as the Board shall determine.

Section 9. Assistant Secretaries and Assistant Treasurers. If required by the Board, the assistant treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board shall determine. The assistant secretaries and assistant treasurers in general shall perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president or the Board.

Section 10. Salaries. The salaries of the officers, if any, shall be fixed from time to time by the Board, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director.

ARTICLE VI

Architectural Review Board

Section 1. Establishment, Composition, Term of Members. There shall be an Architectural Review Board ("ARB") composed of three (3) Owners who shall be appointed by the Board. No Delinquent Owner may serve on the ARB. The Owners appointed by the Board shall serve until the next annual meeting of the Board following their appointments or until their successors shall have been appointed. The Board shall designate one member to serve as chairman.

Section 2. Duties, Powers. The ARB shall develop architectural guidelines, rules and regulations regarding development, construction or land use within the Subdivision, and the review and enforcement of its own procedures, and shall otherwise carry out such functions as may be assigned to it from time to time by the Board. The guidelines, rules and regulations shall not become effective until approved by the Board.

The ARB shall review and approve, with or without conditions, or disapprove all plans for development construction or modification of extant improvements, or sustained use of the Subdivision or any part thereof.

Section 3. Meetings. The ARB shall meet on a periodic basis as needed to perform its functions or upon the call of the Chairman or two of its members, if written notice stating the date, time, place and purpose of the meeting shall be given at least two (2) days prior thereto.

Section 4. Manner of Acting. The act of a majority of the members of the ARB at a meeting duly called shall constitute the act of the ARB.

Section 5. Review Process. Subject to rules and regulations adopted pursuant to Section 2 hereof, the ARB shall review and approve, with or without conditions, or disapprove all proposals for development, construction or modification of extant improvements, or sustained use of the Subdivision or any portion thereof. The review shall be conducted and the decision regarding approval or disapproval shall be announced by the ARB chairman within thirty (30) days of receipt of plans and specifications indicating the nature, extent, location and appearance of the proposed development, construction, modification or use, together with such other documents as may be required by the Review Board's rules and regulations.

Prior to granting its approval, the ARB shall determine that the proposed development, construction, modification or use: (1) conforms with applicable zoning laws, the Declaration, the Architectural Guidelines adopted by the ARB of the Estancia Primera Community Services Association and the Architectural Guidelines adopted Pursuant to Subsection 2 hereof; (2) enhances the attractiveness or utility of the Subdivision or some portion thereof; and (3) is adequately financed for initial construction, maintenance and repair.

Section 6. Record. The ARB shall prepare and maintain a written record of its deliberations and determinations.

Section 7. No Liability for Approval Errors. The Association, the Board, the ARB and the directors, members, agents or employees of any of them shall not be liable for any damage, loss, or prejudice suffered or claimed by any person on account of: (1) the approval, with or without conditions, or disapproval of any plans or specifications, whether or not defective; (2) the construction or performance of any work or improvement, whether or not pursuant to approved plans or specifications; or (3) the development of any portion of the Subdivision; provided that such parties have acted on good faith on the basis of such information as may be possessed by them.

ARTICLE VII

Committees

Section 1. Appeals Committee. There shall be an Appeals Committee ("Appeals Committee") composed of three (3) Owners nominated and elected in the same manner as Directors under Article IV, Section 3 of the By-Laws. The Appeals Committee shall determine one of its members to be Chairman. The Appeals Committee shall schedule to meet as needed to consider matters submitted for hearing and review, after five (5) days prior written notice to the members of the Appeals Committee and to all interested parties stating the time, place and purpose of the meeting.



The matters that shall be the subject of hearing and review by the Appeals Committee are the following (the "Matters"):

- (a) the levy of a penalty, lien, assessment, or other enforcement action taken against an Owner;
- (b) an action taken by the ARB on a submission by an Owner; and,
- (c) a complaint by an Owner concerning the By-Laws or the Board of the Association.

In order to secure a hearing and review of any of the Matters, an Owner must file with the chairman of the Appeals Committee a written statement containing all relevant facts, data, opinions and any other materials or documentation setting forth the Owner's position on the Matter and requesting a hearing by the Appeals Committee (the "Complaint"). The Owner will have an opportunity to be heard at the hearing of the Appeals Committee. After the Appeals Committee has completed its review, it will make a recommendation as to the resolution of the Matter and will promptly inform the Board and the Owner. The Board will make the final decision as to the resolution of the Matter; however, recommendations of the Appeals Committee will be rejected only for abuse of discretion or clear error. The Board will promptly inform the Owner by written notice of its decision. The decision by the Board of Directors shall be a final and binding determination in the event of such an appeal.

Section 2. Committees. The Board by resolution may establish committees ("Committee"), as it deems necessary and give such Committees such authority as it deems necessary.

ARTICLE VIII

Assessments

Section 1. Preparation of Budget. On an annual basis and no later than sixty (60) days before the beginning of the fiscal year, the Board shall adopt a budget for the Association. The budget shall include an estimate of the Common Expenses for the ensuing fiscal year, including an amount for such reserves as the Board may determine to be necessary.

Section 2. Ratification of Budget. Within fifteen (15) days after adoption by the Board of any proposed budget for the Association, the Board shall mail a summary of the budget to all Owners, and shall set a date for a meeting of the Association to consider ratification thereof. The date of the meeting shall be not less than fifteen (15) nor more than sixty (60) days after mailing of the summary. The budget shall be deemed ratified whether or not a quorum is present at the meeting, unless a majority of all the Owners reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Association shall be continued until such time as the Association shall ratify a subsequent budget proposed by the Board.

Section 3. Annual Assessment Allocation. An annual assessment sufficient to cover all Common Expenses set forth in the annual budget, including reserves, shall be made by the Board promptly upon ratification. The assessment shall be allocated in equal shares among the Lots. The Owner of each Lot shall be assessed for the share allocated to his/her Lot. If any Common Expense is caused by the misconduct of any Owner, the Association may allocate that expense

exclusively against his/her Lot. The Board shall notify each Owner of the amount of his/her individual Owner's assessment and the time at which it will be due and payable.

The amount of the share of the annual assessment allocated to each Lot shall not be increased by more than five percent (5%) per annum, unless approved by vote of the Owners holding sixty percent (60%) of the vote in the Association, excluding the votes of Delinquent Owners.

Section 4. Special Assessment. If the revenues and reserves provided for in the budget and maintained pursuant thereto are inadequate for any reason, including non-payment of any Owner's assessment, the Board, by two-thirds vote, may at any time levy an additional special assessment, which shall be allocated in equal shares among the Lots. The Owner of each Lot shall be assessed for the share allocated to his/her Lot. The special assessment may be payable in a lump sum or in installments as the Board may determine. The Board shall notify each Owner of the total amount of such special assessment, the Owner's allocated share of the special assessment, the reason for the special assessment, and the time at which the individual allocated assessment is payable. Upon receipt of a petition signed by thirty percent (30%) or more of the Owners within fifteen (15) days after notice of a Special Assessment, the President shall call a Special Meeting to consider such Special Assessment. A Special Assessment duly assessed by the Board may be overruled upon fifty percent (50%) vote of the Owners.

Section 5. Payment of Assessments. Each Owner shall pay his/her individual Annual and/or Special Assessment at the time specified by the Board. No Owner shall be exempt from liability for payment of assessments by waiver of his/her right of enjoyment or use of the Common Areas, non-use thereof, or abandonment of his/her Lot. Any past due assessment or installment thereof shall be assessed late charges, fines and/or fees ("Fines") which will bear interest at the rate established by the Board and approved by the Owners not in excess of the maximum rate permitted by law.

Section 6. Lien for Assessments. The Association shall have a lien on a Lot for any assessment or contribution levied or Fines imposed against its Owner from the time the assessment, contribution or Fines becomes due. The Association may foreclose such lien in like manner as a mortgage upon real estate. Fees, charges, late charges, fines and interest charged by the Association pursuant to its statutory right to do so are enforceable as assessments.

Section 7. Effect of Failure to Prepare Budget or Assessment. The failure or delay of the Board to prepare or adopt a budget for any fiscal year or any assessment in connection therewith shall not constitute a waiver or release in any manner of an Owner's obligation to pay his/her individual assessment as herein provided, whenever the same shall be determined.

ARTICLE IX

Contracts, Checks, Deposits and Gifts

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents, of the Association, in addition to the officers so authorized by these By-Laws, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the treasurer or an assistant treasurer and countersigned by the president.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 4. Gifts. The Board may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any specific purpose of the Association.

ARTICLE X

Mortgages

Section 1. Notice to Board. An Owner who mortgages his/her Lot may notify the Board of the name and address of his/her mortgagee ("Known Mortgagee").

Section 2. Notice of Default. Casualty or Condemnation. When giving notice to any Owner of a default in paying an assessment for Common Expenses or any other default, the Board shall simultaneously send a copy of such, notice to any Known Mortgagee of a Lot owned by such Owner. Each Known Mortgagee shall also be promptly notified of any casualty giving rise to a possible claim under any insurance purchased, and of any taking in condemnation or by eminent domain and actions of the Association with respect thereto.

Section 3. Notice of Meetings. Abandonment. Amendment. Management Change. The Board shall give prior written notice of the following to every Known Mortgagee who holds a mortgage or deed of trust on any portion of the Subdivision:

- (a) all meetings of the Association;
- (b) any proposal to be submitted to the Owners concerning the abandonment or termination of the Association;
- (c) any proposal to be submitted to the Owners to amend the Declaration, the By-Laws or the Articles of incorporation; or
- (d) any proposal to terminate professional management and assume management of the Association.

Section 4. Other Rights of Known Mortgagees. Any Known Mortgagee holding a mortgage or deed of trust on any portion of the Subdivision, upon written request to the Association, shall be entitled to inspect the books and records of the Association during normal business hours, and to receive a copy of an annual financial statement of the Association prepared according to standard accounting principles.

ARTICLE XI

Miscellaneous

Section 1. Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board and committees having any of the authority of the Board, and shall keep at its registered or principal office a record giving the names and addresses of members of the Board.

All books and records of the Association may be inspected by any member of the Board, Owner or Known Mortgagee, or his/her or its agent or attorney, for any proper purpose at any reasonable time.

Section 2. Fiscal Year. The fiscal year of the Association shall begin on the first day of October and end on the last day of September in each year.

Section 3. Waiver of Notice. Whenever any notice is required to be given under the provisions of the New Mexico Nonprofit Corporation Act, the Articles of Incorporation, or these By-Laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 4. Indemnification. The indemnification of directors and officers of this Association shall be as provided pursuant to Section 53-8-26A, N.M.S.A 1978. It is provided, however, that for those cases not covered by this section of the statute, the Association hereby indemnifies any Director or officer, or former director or officer, of the Association against any expense and cost (including attorney's fees) actual and necessarily incurred in connection with any claim asserted against him/her, by action of court or otherwise, by reason of his/her being or having been a Director or officer of the Association, except with respect to matters for which he/she shall have been guilty of actual negligence or misconduct in the performance of his/her duties as Director or officer.

Section 5. Definitions. Except as otherwise indicated herein, words defined in Article 1 of that "Declaration of Covenants and Restriction, La Viveza de Santa Fe Subdivision" shall have the meaning therein given when employed in these By-Laws.

ARTICLE XII

Amendments to By-Laws

Section 1. Amendment. These By-Laws may not be modified or amended except by vote of the Owners having seventy-five percent (75%) of the votes in the Association, excluding the votes of Delinquent Owners.

Section 2. Approval of Known Mortgagees. These By-Laws contain provisions concerning various rights, priorities, remedies and interests of Known Mortgagees. Such provisions in these By-Laws are to be construed as covenants for the protection of such Known Mortgagees on which they may rely in making loans secured by mortgages. Accordingly, no amendment or modification of these By-Laws impairing or affecting such rights, priorities, remedies or interests

of a Known Mortgagee shall be adopted without the prior written consent of such Known Mortgagee.

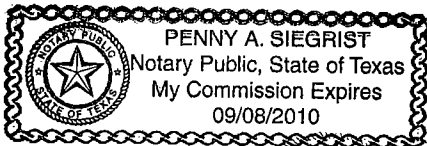
IN WITNESS WHEREOF, these By-Laws have been adopted as amended on the 15th day of November, 2007.

LA VIVEZA DE SANTA FE HOMEOWNERS' ASSOCIATION, INC.

By Thomas A. Solak

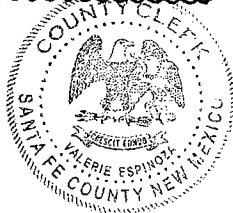
President

SUBSCRIBED AND SWORN TO before me by the said Thomas A. Solak, President, on this 15th day of May, 2008



Penny A. Siegrist

Notary Public, State of Texas



By Andrew H. Stewart

Secretary

SUBSCRIBED AND SWORN TO before me by the said Drew Stewart, Secretary, on this 20th day of May, 2008

D.P. Padilla

Notary Public, State of New Mexico

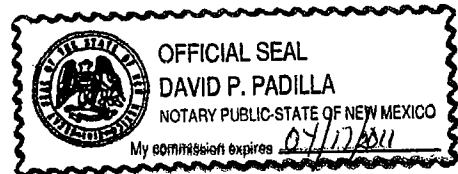
COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BYLAWS
PAGES: 15

I Hereby Certify That This Instrument Was Filed for Record On The 20TH Day Of May, A.D., 2008 at 09:51 And Was Duly Recorded as Instrument # 1526245 Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office
Valerie Espinoza

Deputy Valerie Espinoza County Clerk, Santa Fe, NM



SFC CLERK RECORDED 05/20/2008