

**BYLAWS OF
ALARY FARM SUBDIVISION LANDOWNERS' ASSOCIATION, INC.**

Preamble. This is a Non-Profit Corporation organized and operated under the applicable laws of the State of New Mexico and the New Mexico Non-Profit Corporation Act (the "Act").

ARTICLE I. OFFICES

Section 1. Principal Office. The principal office of the corporation in the State of New Mexico shall be located as the Board of Directors may determine or as the affairs of the corporation may require from time to time. As of September 14, 2006 the Corporation's address is 3801 Oxbow Village Lane NW, Albuquerque, New Mexico 87120, as an address to which payments of dues and assessments may be sent by members of the Association.

Section 2. Registered Office and Registered Agent. The corporation shall have and continuously maintain in the state of New Mexico a registered office, and a registered agent, as set forth in the Articles of Incorporation, as amended from time to time (the "Articles"). The registered office may be, but need not be, identical with the principal office of the corporation, and the address of the registered office may be changed from time to time by the Board of Directors in accordance with the Act.

ARTICLE II. DEFINITIONS

Articles. The term "Articles" shall mean the Articles of Incorporation initially filed in the office of the New Mexico State Corporation Commission on September 14, 2006, as amended from time to time.

Association. The term "Association" shall mean the Corporation that is the subject of the Articles.

Common Areas. The term "Common Areas" or "Association Property" shall have the same meaning as defined in the Articles. As of September 14, 2006: "Association Property" (sometimes referred to as "Common Areas") shall include real and personal property owned by the corporation or owned as tenants in common by the

members of the corporation, which is available for the common benefit of all members and is of a nature such that it tends to enhance the beneficial enjoyment of the private residences by their owners, Association Property also includes irrigation, pedestrian, equestrian, drainage and roadway easements, regardless of whether owned by the corporation, by its members or by a governmental unit, if such property is traditionally recognized and accepted under the code and Regulations as being of direct governmental concern in the exercise of the powers and duties entrusted to governments to regulate community health, safety and welfare.

Alary Farm Subdivision or the Subdivision. The term "Alary Farm Subdivision or the "Subdivision" has the same meaning as defined in the Articles. As of September 14, 2006, Alary Farm Subdivision means and refers to a subdivision or subdivisions in the Village of Corrales, Sandoval County, New Mexico, the original plat map of which was originally filed in the office of the County Clerk of Sandoval County, New Mexico on July 6, 2001, and recorded in Book 3, Folio 2085-B, Document #15728 and the replat(s) of certain tract(s) of which have subsequently been filed in the office of the County Clerk of Sandoval County, New Mexico, if any, and such additions thereto as may or have become subject to the Declaration referred to below;

Declaration. The term "Declaration" shall have the same meaning as defined in the Articles. As of September 14, 2006, the term means and refers to that certain Declaration of Covenants, Reservations and Restrictions for Alary Farm Subdivision, a subdivision in Sandoval County, New Mexico, filed for record in the office of the County Clerk of Sandoval County, New Mexico, on July 11, 2001, in Vol. Misc. 404, pages 60061-60078, and as amended from time to time in accordance with its provisions.

Lot. The term "Lot" shall mean a Lot as shown on the plat map or replat or other instrument by which real property becomes subject to the Declaration, provided that such Lot shall be reflected in the documents defining the subdivision.

Member. The term "member" shall have the same meaning as set forth in the Articles. As of September 14, 2006 "member" is defined by the Articles as follows: Every person or entity that is the record owner of a fee simple or undivided fee interest in any real property subject to the Declaration shall be a voting member of the corporation; provided that any person or entity holding such interest as security for payment of a debt or performance of an obligation shall not be a voting member.

Voting membership shall be appurtenant to and may not be separated from such ownership. The Bylaws of the corporation may provide for other categories of membership, which shall be non-voting.

Rules and Regulations. The term "Rules and Regulations" shall mean the rules and regulations adopted by the Board of Directors of the Association in accordance with these Bylaws, as amended from time to time.

ARTICLE III. VOTING MEMBERSHIP

Section 1. Voting and Membership. There shall be only one voter voting from each Lot and all members whose membership derives from the same Lot shall decide among themselves as to the person with authority to cast, of the procedure for casting, the vote or votes attributable to that Lot as set out in the Declaration of Covenants for the subdivision. In the event that they are unable to so decide, each member shall have the ability to cast a partial vote in proportion to their ownership interest in the Lot.

Section 2. Qualifications for Good Standing of Voting Members. The qualifications for being a voting member in good standing in the Association shall be dependent upon compliance with the following:

- (a) Full payment of any and all assessments properly levied by the Association against the member's Lot, such assessments also constituting personal obligations of such member; and
- (b) Compliance with the Declarations, the Articles, these Bylaws and the Rules and Regulations, if any.

Section 3. Voting. The right to vote shall accrue to the owners of each Lot as stated in this Article. Only voting members in good standing shall have the right to vote, which may be exercised in person or by proxy.

Section 4. Proxies. At all meetings of voting members, a member may vote by proxy, which proxy must be written, dated and executed by the member or by his duly authorized attorney-in-fact. Proxies shall be personally delivered or sent by mail to the Secretary, any Director or a duly appointed committee before

or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy. Any member giving a proxy has the power to revoke it by giving notice to the Association in writing or in open meeting before any vote is taken.

ARTICLE IV. NON-VOTING MEMBERSHIP

At any meeting, the voting members of the Association may establish categories of non-voting membership, or may delegate the establishment of non-voting membership to the Board of Directors.

ARTICLE V. MEETINGS OF MEMBERS MEETINGS OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held at a location within the Subdivision or within a reasonable distance away from the Subdivision, as selected by the Board of Directors, on the third Thursday of each January. The Board of Directors shall present a financial report of the cash balances, expenses, receipts and disbursements for the preceding calendar year, an estimated budget for the current calendar year for approval by the members, and any other business that may properly be brought before the Association. Directors shall be elected and other business may be brought before the Association, in the order set forth in section 5 in this Article V.

Section 2. Special Meetings. Special meetings of the members of the Association may be called at any time by the President, or upon resolution signed by at least a majority of the Board of Directors, or upon written petition to the President signed by at least ten percent of the voting members. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except such as is specified in the notice.

Section 3. Notice. Notice of meetings of the members of the Association, both regular and special, shall include the purpose, place, date and hour of the meeting and shall be given to each voting member of record in writing and delivered either personally or by mail to the address shown upon the books of the Association at least twenty days prior to the meeting but not

earlier than fifty days in advance of the meeting. The Secretary-Treasurer shall deliver notices of meetings to the members. If the Secretary shall refuse or fail to deliver the notice, the notice shall be delivered by the person calling the meeting.

Section 4. Quorum; Voting. The presence of members representing at least ten percent in number of the Lots, in person or by proxy, who are in good standing, shall be necessary to constitute a quorum for both the annual and special meetings of members. The affirmative votes of a majority of the Lots represented at a meeting at which a quorum is present is sufficient to constitute the action of the Association, unless a greater vote is required by other provisions of these Bylaws, the Articles or the Act.

Section 5. Order of Business. The order of business at the annual meetings, and as far as practical at other meetings, shall be:

1. Calling to order and proof of quorum (recording in minutes of the number of members in good standing represented);
2. Proof (Recording in minutes) of notice of meeting;
3. Reading and action taken upon the minutes of the last meeting;
4. Reports of Directors;
5. Report of Officers, Committees;
6. Owners comments and discussion;
7. Election of Directors and Ditchmaster(s);
8. Unfinished business;
9. New business; and
10. Adjournment.

ARTICLE VI. DIRECTORS

Section 1. Qualifications of Directors; Number. The Board shall have three members. Directors need not be members of the Association. The number of directors may be increased or decreased (but shall not unless permitted by the Act be decreased to a number less than three) by amendment of these Bylaws. The initial Board of Directors shall be appointed by the Developer. Members of the Board of Directors are subsequently elected at the annual meeting for a one-year term and serve until their successors are elected.

Section 2. Regular and Special Meetings. Regular meetings of the Board of Directors shall be held as the Board may determine and at such place and hour as may be fixed from time to time by resolution of the Board. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three days notice to each Director. Directors meetings shall be open to any member of the Association.

Section 3. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business. Each act or decision done or made by the Directors shall require the assent of a simple majority of the quorum.

Section 4. Removal and Replacement of Directors. Any Director of the Association may resign in writing at any time and be removed from office, with or without cause, by a vote of not less than two-thirds (2/3) of the members in each class of membership entitled to vote in person or by proxy present at any special meeting called for that purpose. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve until the next meeting of the Association when another will be elected for the un-expired term.

Section 5. Compensation of Directors. No Director shall receive compensation for any service he may render to the Association; however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 6. Action of Directors Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting of the Directors that could be taken at a meeting by obtaining the written unanimous approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VII. POWERS AND DUTICS OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) Adopt and publish (i) rules and regulations governing the use of the Common Areas, including irrigation, irrigation pipelines and the personal conduct of the members and their guests thereon, and penalties for the infraction thereof (but only to the extent that such rules and regulations are not inconsistent with the Declaration) and (ii) interpretations and applications of the Declaration;
- (b) Suspend the good standing of any member who fails to meet the qualifications for good standing specified in Article III of these Bylaws;
- (c) Suspend a member's right to use of the Common Areas, other than easements, and suspend such member's voting rights during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty days for infraction of Rules and Regulations;
- (d) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles the Declaration or the Act;
- (e) Declare the office of a member of the Board of Directors to be vacant if such member shall be absent from four consecutive regular meetings of the Board of Directors and fill that vacancy;
- (f) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (g) Approve contracts;
- (h) Approve the admission of non-voting members if and to the extent specified in any resolution adopted by the voting members or in these Bylaws; and

- (i) Levy assessments and enforce the collection thereof in accordance with the provisions of these Bylaws and the laws of the State of New Mexico. Except to the extent, if any, approved by members in connection with the approval of an annual budget or special assessment, the Board of Directors shall not have power to incur indebtedness or to create liens on the Common Areas or Easements.

Section 2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all affairs of the Association and the proceedings of the Board and make the same available for inspection by the members of the Association;
- (b) Supervise all officers, agents and employees of this Association, to insure that their duties are properly performed;
- (c) With respect to assessments:
 - (1) Fix the amount of the annual assessment against each Lot within thirty days following the annual meeting; and send written notice of each assessment to every member subject thereto within forty-five days following the annual meeting; and
 - (2) Fix the amount of any special assessment against each Lot as determined by the Board or by the Members, as required by Article X Of these Bylaws, and send written notice of each such special assessment to every member subject thereto at least thirty days in advance of the due date; and
 - (3) Foreclose the lien of the Association against any Lot for which assessments are not paid within thirty days after the due date, or bring an action at law against of the Association.

- (d) Issue, or cause an appropriate officer to issue, upon reasonable demand by any person, a certificate evidence of such payment;
- (e) Procure and maintain liability and hazard insurance on Association Property, if any,
- (f) Cause all officers or employees having fiscal responsibilities to be bonded, if in the discretion of the Board of Directors such bond is deemed appropriate;
- (g) Cause the Common Areas to be maintained;
- (h) Prepare the annual budget for the Maintenance Fund and make proposals for special assessments, to the extent the Board of Directors shall determine that such special assessments should be imposed and/or submitted to the Members for approval, in accordance with Article x;
- (i) Pay from Association funds all Association bills when they become due;
- (j) Enforce by legal means the provisions of the Articles, Declaration, these Bylaws and the Rules and Regulations; and
- (k) Act on behalf of the members with respect to all matters arising out of any eminent domain proceeding with respect to the Common Areas.

ARTICLE VIII. OFFICERS

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Vice-President, and Secretary-Treasurer, and such other officers as the Board of Directors may from time to time by resolution create. Only Directors shall be eligible for the offices of President and Vice-President.

Section 2. Election of Officers and Term. The Board shall elect the officers of the Association annually and each elected officer shall hold office for one year unless the officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve. The election of officers shall take place at the first meeting of the Board of Directors following each

annual meeting of the members. The initial Officers shall be appointed by the Developer.

Section 3. Special Officers. The Board may elect such other officers from the members as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Resignation and Removal. The Board may remove any officer from office, with or without cause,, when in their judgment the best interests of the Association will be served by such removal. Any officer may resign in writing at any time by giving written notice to the Board. 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 5. Duties. The duties of the officers are as follows:

- (a) President. The president shall preside at all meetings of the members and the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments on behalf of the Association and shall co-sign with the Treasurer all promissory notes of the Association.
- (b) Vice-President. The vice-president shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and may be required of him by the Board.
- (c) Secretary-Treasurer. The secretary treasurer shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with the mailing address; receive and deposit the appropriate bank accounts all monies of the Association, including but not limited to the Maintenance Fund and shall disburse such funds as directed by the Board of Directors; sign all checks and co-sign, with the President, all promissory notes of the Association; keep proper books of account and a record of any member whose payment of assessments is not sufficient to maintain good

standing under Article III; distribute to each member a mid-year and year-end financial report; and prepare an annual budget and a statement of income and expenditures to be presented to the Board for their review and presentation to the membership at its regular annual meeting; and perform such other duties as required by the Board.

ARTICLE IX. MAINTENANCE FUND

The Association shall create and maintain a Maintenance Fund. The purpose of the Maintenance Fund shall be to pay the ordinary, recurring operating costs of the Association for, among other things, roadway and other maintenance of the Common Areas deemed to be the responsibility of the Association by the Directors, professional fees and insurance, if any, and the like. The amount of the annual assessment to establish and maintain in the Maintenance Fund shall be determined by the Board of Directors based in part upon the average annual expenditures for the past years and expected future expenses including roadway maintenance. The members at their annual meeting shall approve any change in the annual assessment.

ARTICLE X. ASSESSMENTS

Section 1. Duty to Pay ; Liens, Procedures. Each member is obligated to promptly pay to the Association both annual and special assessments all of which are secured by a continuing lien upon the Lot against or in respect of which the assessment is made. Any assessments that are not paid when due shall be delinquent. If any assessment is not paid within thirty days after the due date, the past due amount shall bear interest from the date of delinquency at the lesser rate of ten percent per annum, cc the maximum allowed by law, and the Association may bring an action at law, or equity, against the members who are personally obligated to pay the same or foreclose the Association's lien against the Lot in question, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Class A member may waive or otherwise escape liability for the assessments provided herein. The Board of Directors shall be entitled to record a notice of the lien of the Association for any assessment that is delinquent.

Section 2. Annual Assessments. Annual assessments are those included in the budget for the ordinary, recurring operating costs of the Association which are paid from the Maintenance fund, determined and approved in accordance with Article IX.

Section 3. Special Assessments. Special assessments are those expenses that exceed the amounts included in the Maintenance Fund, determined and approved in accordance with Article IX. Such assessments may be for any purpose, provided that they shall have been submitted to and approved by the members at any annual meeting or special meeting called for that purpose. A Special Assessment shall require the approval of not less than fifty percent of the total number of votes available from all of the Lots included in the Subdivision. The foregoing notwithstanding, the Board of Directors shall have the power to assess up to twice the annual assessment per Lot per calendar year to cover emergency expenditures, without the approval of the members.

ARTICLE XI. RECORDS OF THE ASSOCIATION

Section 1. Inspection of Records. The books, records and papers of the Association shall at all times, during regular business hours and upon reasonable advance notice, be subject to inspection by any member. The Declaration, the Articles and the Bylaws of the Association, as well as the Rules and Regulations then in effect, shall be available for the inspection by any member at the principal office of the Association, which copies may be purchased at reproduction Cost.

ARTICLE XII. SALE OR TRANSFER OF MEMBERSHIP

Membership in the Association shall be appurtenant to and shall automatically follow the legal ownership of each Lot and may not be separated from such ownership. Whenever the legal ownership of any Lot passes from one person to another, by whatever means, it shall not be necessary that any instrument provide for transfer of membership in the Association. Transfer of an interest in the Association will not affect or change any existing or accrued obligations.

ARTICLE XIII. AMENDMENTS

These Bylaws may be repealed or amended by a vote of a majority of the votes represented by members voting at the annual meeting, or at any special meeting called for that purpose; provided notice of the proposed repeal or amendment is incorporated in the notice of such meeting. The foregoing notwithstanding, the affirmative vote of not less than fifty percent of the total number of votes from the Subdivision, including members not present, shall be required to amend Article X, Section 3 of these Bylaws.

ARTICLE XIV. MISCELLANIOUS

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of the first annual meeting.

Section 2. Indemnification of Board of Directors and Officers. The Association shall, to the fullest extent permitted by law, indemnify any director or officer or former director or officer of the Association against expenses, costs and attorney's fees which are actually and reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, in which is he is made a party by reason of being or having been a director or officer. Such indemnification shall include amounts paid to satisfy a judgment or to compromise or settle a claim. The foregoing notwithstanding, however, the Association shall not indemnify any such director or officer to the extent that he shall have been finally adjudged to be liable for any breach or failure to perform the duties of his office which breach of failure or perform constitutes willful misconduct and/or recklessness. The Association shall indemnify any such director or officer, in advance of a determination of liability, for expenses reasonably incurred in connection with the defense of the action, suit or proceeding, provided that the director or officer shall reimburse the Association if and to the extent that such director or officer shall not be entitled to indemnification under the foregoing provisions of this Section. Further, the indemnity provided by this Section shall apply to any action taken by a director or officer regardless of whether the immunity provisions of §53-8-25.3 of the Act, or of any other section of the Act, may also apply.

Section 3. Conflicts. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in

the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 4. Interested Parties. No transaction of the Association will be affected because a member, director, officer or employee of the Association is interested in the transaction, provided full written disclosure is made in advance to the Directors and Officers of the Association. Any such interested parties will be counted for quorum purposes, and may vote, when the Association or the Board of Directors considers authorization of the transaction. Provided such disclosure is made, any such interested persons will not be liable to the Association for the party's profits, or the Association's losses, from the transaction.

Section 5. No Seal. The Association shall not have a corporate seal.

Pursuant to 53-8-12B NMSA 1978, the undersigned President and Secretary of Alary Farm Subdivision Landowners' Association, Inc., a corporation formed under the Non-Profit Corporation Act of New Mexico, have executed these Bylaws and thereby certify among other things that the Bylaws were adopted by the Board of Directors of the Corporation at a meeting held on _____, 2006 at which all Directors were present.

_____, President

_____, Secretary-Treasurer