

BYLAWS

OF

DESERT SANDS COMMUNITY ASSOCIATION

DESEART SANDS COMMUNITY ASSOCIATION
INDEX TO BYLAWS

ARTICLE 1 GENERAL PROVISIONS 3

 1.1. Defined Terms 3

 1.2. Principal Office..... 3

 1.3. Conflicting Provisions..... 3

 1.4. Designation of Fiscal Year 3

 1.5. Financial Records..... 3

 1.6. Amendment 3

 1.7. Captions and Titles..... 4

ARTICLE 2 MEETINGS OF MEMBERS..... 4

 2.1. Allocation of Eligible Votes 4

 2.2. Annual Meeting 4

 2.3. Special Meetings..... 4

 2.4. Notice of Meetings..... 4

 2.5. Quorum 4

 2.6. Voting and Proxies..... 5

 2.7. Record Date. 6

 2.8. Organization and Conduct of Meeting 6

 2.9. Action by Written Ballot 7

 2.10. Action by Written Consent 7

 2.11. Voting Requirements..... 8

ARTICLE 3 BOARD OF DIRECTORS 8

 3.1. Number and Terms of Office..... 8

 3.2. Appointment and Election..... 9

 3.3. Resignation of Directors..... 9

 3.4. Removal of Directors 9

 3.5. Compensation 10

 3.6. Action Taken Without a Meeting..... 10

 3.7. Vacancies..... 10

 3.8. Meetings 10

 3.9. Quorum and Voting 11

 3.10. Powers and Duties..... 11

 3.11. Managing Agent..... 13

3.12.	Suspension of Member Rights or Privileges.....	13
3.13.	Right of Declarant to Veto Actions.....	13
3.14.	Limited Liability of the Board	14
3.15.	Indemnification.....	15
ARTICLE 4 OFFICERS AND THEIR DUTIES.....		15
4.1.	Enumeration of Officers.....	15
4.2.	Election of Officers.....	16
4.3.	Term.....	16
4.4.	Resignation and Removal.....	16
4.5.	Vacancies.....	16
4.6.	Powers and Duties; Compensation; Indemnification	16
ARTICLE 5 COMMITTEES.....		17
5.1.	Committees of the Board.....	17
5.2.	Other Committees	17
ARTICLE 6 ADDITIONAL PROVISIONS REGARDING DOCUMENTS		17
6.1	Association Records.....	17
A.	Inspection by Members	17
B.	Adoption of Annual Budget	18
C.	Inspection by Prospective Purchasers	18
D.	Rules of Inspection.....	18
E.	Inspection by Board	19
6.2	Resale of Lots.	19
ARTICLE 7 MISCELLANEOUS.....		19
7.1.	Notices.....	19
7.2.	Captions.....	19
7.3.	Gender	19
7.4.	Construction	20

BYLAWS OF DESERT SANDS COMMUNITY ASSOCIATION
ARTICLE 1
GENERAL PROVISIONS

1.1. Defined Terms. Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Desert Sands recorded in the official records of the County Clerk of Bernalillo County, New Mexico (“**Declaration**”), as the Declaration may be amended from time to time. As used in these Bylaws, the term "**Eligible Votes**" means the total number of votes entitled to be cast by Members as of the record date for determining the Members entitled to vote at a meeting or in respect of any other lawful action including, but not limited to, action by written ballot or written consent. “**Member**” is a person or entity that is a member of the Association pursuant to the Declaration.

1.2. Principal Office. The principal office of the Desert Sands Community Association (the “**Association**”) shall be located at the known place of business of the Association designated in the Articles of Incorporation of the Association, as amended from time to time (the “**Articles**”) or such other place as the Association may designate from time to time in accordance with the New Mexico law, but meetings of members and directors may be held at such other place within the State of New Mexico as may be designated by the Board.

1.3. Conflicting Provisions. 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.

1.4. Designation of Fiscal Year. The fiscal year of the Association shall begin on the 1st 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 incorporation of the Association.

1.5. Financial Records. An annual report consisting of at least a balance sheet and an operating (income and loss) statement shall be made available to all Members within one hundred eighty (180) days after the close of each fiscal year. The Board, at its discretion may elect from time to time to, unless the project consists of 100 or more Lots in which case the Board shall, have a certified public accountant perform an annual audit of the Association's books and records. In addition, upon a majority of Eligible Votes, the Board shall provide for a financial audit, review or compilation of the Association’s records and the cost thereof shall be assessed as a common expense. Within thirty (30) days after completion, the audit, review or compilation shall be made available upon request to Members.

1.6. Amendment. These Bylaws may be amended by the affirmative vote of Members holding more than fifty percent (50%) of the votes cast with respect to the amendment, but any amendment to these Bylaws also must be approved in writing by the Declarant during the Declarant Control Period.

1.7. Captions and Titles. All captions, titles or headings of the Articles and Sections in these Bylaws are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof. Unless otherwise specified, all references in these Bylaws to Articles or Sections are to Articles and Sections of these Bylaws.

ARTICLE 2 MEETINGS OF MEMBERS

2.1. Allocation of Eligible Votes. Each Lot shall be allocated one Eligible Vote in the Association. Each Owner shall have the number of Eligible Votes allocated to the Lots owned by such Owner.

2.2. Annual Meeting. The first annual meeting of the Members of the Association shall be held within one (1) year after the conveyance of the first Lot to a Purchaser. An annual meeting of the Members of the Association shall be held at least once each year thereafter. The date, time and place of each annual meeting shall be determined by the Board.

2.3. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board or upon written demand signed by Members having at least one-fourth (1/4th) of the Eligible Votes. The close of business on the thirtieth (30th) day before delivery of the demand or demands for a special meeting shall be the record date for the purpose of determining whether the demand for the special meeting has been signed by Members having at least one-fourth (1/4th) of the Eligible Votes.

2.4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of each notice, postage prepaid, at least ten (10) but not more than sixty (60) days before such meeting to each Member entitled to vote thereat addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. When a meeting is adjourned to another date, time or place, a notice of the new date, time or place is not required if the new date, time or place is announced at the meeting before adjournment. At the adjourned meeting, the Association may transact any business which might have been transacted at the original meeting. If a new record date for the adjourned meeting is or must be fixed under Section 2.7, the Association shall give notice of the adjourned meeting pursuant to this Section to persons who are Members as of the new record date. A Member's attendance at a meeting waives objection to the lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting and transacting business at the meeting. In addition, a Member's attendance at a meeting waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter at the time it is presented.

2.5. Quorum. Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the Eligible

Votes shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time until a quorum shall be present.

2.6. Voting and Proxies.

A. If only one of the multiple Owners of a Lot is present at a meeting of the Association, he is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Lot Owners unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. Votes cast by proxy and by absentee ballot are valid for the purpose of establishing a quorum.

B. Eligible Votes allocated to a Lot may be cast pursuant to a proxy dated and duly executed by an Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of Eligible Votes by the other Owners of the Lot through a duly executed proxy, but in no case shall the total Eligible Votes cast be more than that allocated to the Lot pursuant to the Declaration. An Owner may not revoke a proxy except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. The proxy is revoked on presentation of a later dated proxy executed by the same Owner. A proxy shall only be valid for the meeting at which it is cast. If proxy voting is utilized at a Member meeting, a person shall not pay a company or person to collect proxy votes.

C. Eligible Votes may be cast in person, by proxy and by absentee ballot and the Board may provide for voting by some other form of delivery. If absentee ballots are used, they may comply with the following (as applicable): (a) the absentee ballot sets forth each proposed action; (b) the absentee ballot provides an opportunity to vote for or against each proposed action; (c) the absentee ballot is valid for only one specified election or meeting of the Members and expires automatically after the completion of the election or meeting; (d) the absentee ballot specifies the time and date by which the ballot must be delivered to the Board in order to be counted, which shall be at least seven days after the date that the Board delivers the unvoted absentee ballot to the Member; and (e) the absentee ballot does not authorize another person to cast Eligible Votes on behalf of the Member.

D. Any election of Board members may be conducted by mail if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall include the number of Board members to be elected and any nominees. All solicitations for votes by written ballot shall: (a) indicate the number of responses needed to meet the quorum requirements; and (b) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than seven (7) days after the date that the Association delivers the ballot. Once a written ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if the number of Eligible Votes cast by ballot equals or exceeds the quorum required to be present at a

meeting authorizing the action. Unless a different record date is fixed by the Board, the record date for determining the Members entitled to vote on matters submitted to a vote by written ballot shall be thirty (30) days before the day on which the ballots are delivered to the Members.

2.7. Record Date.

A. For any meeting of the Members, the Board shall fix a date as the record date for determining the Members entitled to notice of the meeting. If the Board fails to fix a record date for any meeting of the Members, the record date for determining the Members entitled to notice of the meeting shall be thirty (30) days before the day on which the notice of the meeting is given. The Board shall also fix a date as the record date for determining the Members entitled to vote at a meeting of the Members. If the Board fails to fix such a record date, the Members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

B. A determination of Members entitled to notice of or to vote at a meeting of the Members is effective for any adjournment of the meeting, unless the Board fixed a new date for determining the right to notice or the right to vote. The Board shall fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date that is more than seventy (70) days after the record date for determining Members entitled to notice of the original meeting.

C. The Board shall fix a date as the record date for the purpose of determining the Members entitled to exercise any rights in respect of any other lawful action of the Members. If a different record date is not fixed by the Board or by these Bylaws, Members at the close of business on the day on which the Board adopts the resolution relating to that record date, or the thirtieth (30th) day before the date of other action, whichever is later, are entitled to exercise those rights.

D. The record date fixed by the Board under this Section shall not be more than seventy (70) days before the meeting or action requiring a determination of Members. If a court orders a meeting adjourned to another date, the original record date for notice of voting continues in effect.

E. Each grantee under a deed or other instrument of conveyance to or of a Lot shall give notice to the Board of its ownership and its status as a Member. The Board is under no duty to order or pay for a search of the real estate records to determine the identity of Members.

2.8. Organization and Conduct of Meeting. All Members attending a meeting of the Members shall register with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting, and all proxies must be filed with the Secretary (or such person or persons as may be designated by the Secretary) prior to commencement of the meeting. After the meeting is called to order by the chair of the meeting, no further proxies or changes, substitutions or revocation of proxies shall be accepted. All meetings of the Members will be called to order and chaired by the President of the Association, or if there is no President or if the President is absent or so requests, then by the Vice President. If both the President and Vice President are not present at the meeting, any other officer of the

Association or such member of the Association as is appointed by the Board may call the meeting to order and chair the meeting. The chair of the meeting may appoint the Managing Agent (as defined in Section 3.11) to chair the meeting or portions thereof. The chair of the meeting may appoint any person (whether or not a Member) to act as Recording Secretary. The chair of the meeting shall have the authority to determine the order of business to be conducted at the meeting and to establish reasonable rules for expediting the business of the meeting, but the rulings of the chair with respect to such matters may be overruled by Members having more than fifty percent (50%) of the Eligible Votes represented in person or by proxy at the meeting.

2.9. Action by Written Ballot. Any action that the Association may take at any annual, regular or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. All solicitations for votes by written ballot shall: (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter other than election of directors; and (c) specify the time by which a ballot must be delivered to the Association in order to be counted, which time shall not be less than three (3) days after the date that the Association delivers the ballot. Once a written ballot has been received by the Association, the ballot may not be revoked. Approval by written ballot pursuant to this Section is valid only if both the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes which would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Unless a different record date is fixed by the Board, the record date for determining the Members entitled to vote on matters submitted to a vote by written ballot shall be the business day before the day on which the ballots are delivered to the Members. Ballots, if used, shall be counted by a neutral third party or by a committee of volunteers. The volunteers shall be selected or appointed at an open meeting, in a fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates

2.10. Action by Written Consent. The Members may approve any action required or permitted by law that requires the Members' approval without a meeting of the Members if the action is approved by Members holding at least a majority of the Eligible Votes, unless the Declaration, Articles, these Bylaws or applicable law require a different amount of Eligible Votes. The action shall be evidenced by one or more written consents describing the action taken, signed by those Members representing at least the requisite amount of the Eligible Votes, and delivered to the Association for inclusion in the minutes or filing with the corporate records of the Association.

If not otherwise fixed by the Board pursuant to Section 2.6, the record date for determining Members entitled to take action without a meeting is the date the first Member signs the consent to the action. A consent signed under this Section has the effect of a meeting vote and may be described as such in any document. Written notice of Member approval pursuant to this Section shall be given to all Members who have not signed the written consent. Unless otherwise specified in the consent or consents, the action is effective on the date that the

consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes. Any Member may revoke the Member's consent by delivering a signed revocation of the consent to the President or Secretary before the date that the consent or consents are signed by the last Member whose signature results in the requisite amount of the Eligible Votes.

2.11. Voting Requirements. Unless otherwise provided in the Community Documents, if a quorum is present at a meeting of the Members, the affirmative vote of a majority of the Eligible Votes represented and voting is the act of the Members.

ARTICLE 3 BOARD OF DIRECTORS

3.1. Number and Terms of Office.

A. The affairs of this Association shall be managed by a board of directors. The initial Board shall consist of three (3) director(s) as provided in the Articles. After the termination of the Declarant Control Period, the Board of Directors shall consist of at least three (3) directors. At no time shall the Board of Directors consist of more than nine (9) directors. Until the termination of the Declarant Control Period, the directors need not be Members of the Association. After the termination of the Declarant Control Period, all directors must be Members of the Association or representatives of Members.

B. The Board may increase or decrease the number of directors on the Board within the minimum and maximum number of directors prescribed by this Section, but the number of directors must always be an odd number. If the number of directors is increased by the Board, the persons appointed to fill the vacancies created by the new directorships shall serve until the next annual meeting of the Members at which time the Members shall determine the term of office of each new directorship and elect a successor to the person appointed by the Board.

C. Directors appointed by the Declarant shall hold office until their successors are elected and qualify. Directors elected by the Members after the termination of the Declarant Control Period shall serve staggered terms, with one (1) such director serving a term of three (3) years, one (1) such director serving a term of two (2) years, and one (1) such director serving a term of one (1) years. The director receiving the most votes in such election shall serve an initial three (3) year term', the director receiving the next highest number of votes shall serve initial two (2) year terms, and the director receiving the least number of votes shall serve initial one (1) year terms. After expiration of each such tutu, each newly elected director shall serve a two-year term from the date of election. Despite the expiration of a director's term, a director shall continue to hold office until the director's successor is elected, designated or appointed and qualified, until the director's resignation or removal or until there is a decrease in the number of directors.

3.2. Appointment and Election.

A. Until the termination of the Declarant Control Period, the Declarant shall have the right to appoint and remove the members of the Board subject to the following:

(1) Not later than sixty (60) days after conveyance to Owners other than Declarant of twenty-five percent (25%) of the area of all Lots that are part of the Development, and any additional Lots that may be added to the Property or Development via Supplemental Declarations, at least one member and not less than twenty-five percent (25%) of the members of the Board shall be elected by Members.

(2) Not later than sixty (60) days after conveyance to Owners other than Declarant of fifty percent (50%) of the area of all Lots that are part of the Development, and any additional Lots that may be added to the Property or Development via Supplement Declarations, no less than thirty-three percent (33%) of the members of the Board shall be elected by Members other than Declarant.

(3) Not later than the termination of the Declarant Control Period, the Members shall elect all members of the Board, at least a majority of whom shall be Owners, in accordance with Section 3.2.B. The Board shall elect the officers. Such Board members and officers shall take office upon election.

B. After the termination of the Declarant Control Period, the directors shall be elected by the Members at the annual meeting of the Members or pursuant to an election conducted by mail, as determined by the Board. For each election of directors, the Board shall either prescribe an opening and closing date of a reasonable filing period in which each eligible person may declare their candidacy for election to the Board by giving written notice thereof to the Secretary of the Association or appoint a Nominating Committee to nominate candidates for election to the Board. The Board may also establish such other rules and regulations as it deems appropriate with respect to the nomination and election of directors. In each election of directors, the number of candidates equal to the number of positions to be filled receiving the greatest number of Eligible Votes shall be deemed elected. Cumulative or class voting will not be permitted in the election of directors. Election of Board members may be conducted by mail.

3.3. Resignation of Directors. A director may resign at any time by delivering written notice to the Board, its presiding officer or the Association. A resignation is effective when the notice is delivered unless the notice specifies a later effective date or event. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

3.4. Removal of Directors. The Members, by a majority of Eligible Votes of Members entitled to vote and voting on the matter at a meeting of the Members called pursuant to this Section at which a quorum is present, may remove any member of the Board, with or without cause, other than a member appointed by the Declarant. On receipt of a petition that calls for removal of a member of the Board and that is signed by the number of Persons who are entitled to cast at least twenty-five percent (25%) of the Eligible Votes in the Association or one hundred

(100) votes in the Association, whichever is less, the Board of Directors shall call and provide notice of a special meeting of the Association as prescribed by Section 2.3. The special meeting shall be called, noticed and held within thirty days after receipt of the petition. For purposes of a special meeting called pursuant to this Section, a quorum is present if the number of Owners to whom at least twenty percent (20%) of the Eligible Votes are allocated is present at the meeting or as otherwise permitted by law. The Board shall retain all documents and other records relating to the proposed removal of the member of the Board for at least one year after the date of the special meeting and shall permit Members to inspect those documents and records. A petition that calls for the removal of the same member of the Board shall not be submitted more than once during each term of office for that member. If a civil action is filed regarding the removal of a member of the Board, the prevailing party in the civil action shall be awarded its reasonable attorney fees and costs.

3.5. Compensation. No director shall receive compensation for any service he may render to the Association, unless such compensation is approved by Members holding more than fifty percent (50%) of the Eligible Votes. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

3.6. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board. Any action taken by the Board pursuant to this Section shall be effective when the last director signs the consent, unless the consent specifies a different effective date.

3.7. Vacancies. Until the termination of the Declarant Control Period and subject to the Homeowner Association Act, the Declaration and Section 3.2(A) of these Bylaws, any vacancy on the Board shall be filled by the Declarant. After the termination of the Declarant Control Period, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum or by a sole remaining director, and any director so chosen shall serve the remainder of the term of the director he replaces. Any newly created directorship shall be deemed a vacancy. If by reason of death, resignation or otherwise, the Association has no directors in office, any officer or Member may call a special meeting of the Members for the purpose of electing the Board.

3.8. Meetings.

A. If the time and place of a meeting of the Board is fixed by the Board, the meeting is a regular meeting. All other meetings of the Board are special meetings. Regular meetings (those for which the time and place have been fixed by the Board) of the Board may be held with or without notice to the directors of the date, time, place or purpose of the meeting. Special meetings of the Board may be called by the President on two (2) business days' notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors. Notice of meetings of the Board shall be given to the Members of the Association within such time and in such manner as is required by law.

B. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting, unless the director at the beginning of the meeting or promptly on the director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. A director may participate in a regular or special meeting of the Board through the use of any means of communication by which all directors participating may simultaneously hear each other during the meeting, and a director participating in a meeting by such means is deemed to be present in person at the meeting.

3.9. Quorum and Voting.

A. A majority of the prescribed number of directors shall constitute a quorum for the transaction of business. If a quorum is present when a meeting is convened, the quorum shall be deemed to exist until the meeting is adjourned, notwithstanding the departure of one or more directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board, unless the Articles or Bylaws require the vote of a greater number of directors.

B. A director who is present at a meeting of the Board when corporate action is taken is deemed to have assented to the action taken unless either: (a) the director objects at the beginning of the meeting or promptly on the director's arrival to holding it or transacting business at the meeting; (b) the director's dissent or abstention from the action taken is entered in the minutes of the meeting; or (c) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the Association before 5:00 P.M. on the next business day after the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken. A director may vote in person or by proxy. A director may appoint another director as a proxy to vote or otherwise act for the director by signing an appointment form, either personally or by the director's attorney-in-fact. The appointment does not relieve the director of liability for acts or omissions imposed by law on directors. An appointment of a proxy is effective when received by the Secretary. An appointment is valid for one (1) month unless a different period is expressly provided in the appointment form. An appointment of a proxy is revocable by the director. The death or incapacity of a director appointing a proxy shall not affect the right of the Association to accept the proxy's authority unless written notice of death or incapacity is received by the Secretary before the proxy exercises its authority under the appointment. Subject to any express limitation on the proxy's authority appearing on the face of the appointment form, the Association is entitled to accept the proxy's vote or other action as the vote of the director making the appointment.

3.10. Powers and Duties. The Board shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Community Documents or as provided by law. The Board may do or cause to be done any act which the Community Documents do not direct to be done by the Members.

The powers and duties of the Board shall include, without limitation the following, which powers need not be exercised by the Board unless otherwise required by the Community Documents:

a) opening bank accounts on behalf of the Association and designate the signatories thereon;

b) making, or contracting for the making, of repairs, additions to, improvements to or alterations of the Areas of Association Responsibility, in accordance with the Community Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

c) enforcing the provisions of the Community Documents by any and all means authorized by the Community Documents or by law; provided, however, that the Association shall not be obligated to take action to enforce any provision of the Community Documents if the Board determines, in its sole discretion, that because of the strength of the Association's position, possible defenses, the time and expenses of litigation or other enforcement action, the likelihood of a result favorable to the Association or other factors deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association;

d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair, replacement of the Areas of Association Responsibility and providing services for the Members, and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties.

e) providing for the operation, care, upkeep and maintenance of all of the Areas of Association Responsibility and borrowing money on behalf of the Association when required in connection with the operation, upkeep and maintenance for the Areas of Association Responsibility.

f) preparing and adopting a budget for the Association prior to the commencement of each fiscal year and set the Regular Assessment for each Assessable Lot;

g) adopting Association Rules as provided in the Declaration;

h) declaring the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board.

i) employing, hiring and dismissing such employees as they deem necessary and to prescribe their duties and their compensation.

j) causing to be kept a complete record of all its acts and corporate affairs;

k) supervising all officers, agents and employees of the Association and seeing that their duties are properly performed;

l) levying, collecting and enforcing the payment of Assessments in accordance with the provisions of the Declaration;

m) procuring and maintaining adequate property, liability and other insurance as required by the Declaration; and

n) causing all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate.

3.11. Managing Agent. The Board may employ for the Association and the Project a professional manager ("Managing Agent") at a compensation established by the Board. The Board may delegate to the Managing Agent such powers as are necessary for the Managing Agent to perform the duties assigned to the Managing Agent by the Board, but the Board shall not delegate to the Managing Agent policymaking authority or the power to:

- (a) adopt the annual budget, any amendment thereto or to levy Assessments;
- (b) adopt, repeal or amend Association Rules;
- (c) designate signatories on Association bank accounts;
- (d) borrow money on behalf of the Association;
- (e) acquire real property on behalf of the Association.

During the Declarant Control Period, any change in the Managing Agent must be approved in writing by the Declarant. Declarant or an affiliate of Declarant may be employed as a Managing Agent.

3.12. Suspension of Member Rights or Privileges. The Board shall not suspend the voting rights of a Member, a Member's right to use the Areas of Association Responsibility or any other right or privilege of a Member pursuant to any authority to suspend such rights granted to the Board in the Community Documents without first complying with procedures set forth in this Section. Written notice of any such suspension (the "Suspension Notice") shall be given to the Member at least fifteen (15) days prior to the effective date of the suspension, and such notice shall state the reasons for such suspension. The notice shall also advise the Member of the Member's opportunity to submit to the Board at least five (5) days before the effective date of the suspension a written statement contesting the suspension and setting forth the Member's position with respect to the suspension. Notwithstanding the submission of a written statement by the Member, the suspension shall become effective on the effective date set forth in the Suspension Notice, unless the Board decides that the suspension should not become effective.

3.13. Right of Declarant to Veto Actions.

A. Until the termination of the Declarant Control Period to the maximum extent permitted by law, the Declarant shall have the right to veto any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Declarant, would tend to impair or limit the rights of the Declarant under the Declaration or these Bylaws, or interfere with development or construction of any portion of the Property, or diminish the level of services being provided by the Association.

B. Until the termination of the Declarant Control Period, the Declarant shall be given written notice of all meetings and proposed actions of the Members by written ballot without a meeting and of all meetings and proposed actions of the Board or any committee by written consent without a meeting at least fifteen (15) days prior to the meeting or proposed action. Such notice shall be given by United States mail, postage prepaid, or by personal delivery at the address the Declarant has registered with the Secretary of the Association, which notice shall, except in the case of the annual meeting of the Members, set forth with reasonable particularity the agenda to be followed at such meeting.

C. Until the termination of the Declarant Control Period the Declarant shall be given written notice of all meetings and proposed actions of the members by written consent or written ballot without a meeting and of all meetings and proposed actions of the Board or any committee by written consent without a meeting at least fifteen (15) days prior to the meeting or proposed action. Such notice shall be given by United States mail, postage prepaid, or by personal delivery at the address the Declarant has registered with the Secretary of the Association, which notice shall, except in the case of the annual meeting of the Members, set forth with reasonable particularity the agenda to be followed at such meeting.

D. Until the termination of the Declarant Control Period, the Declarant shall be given the opportunity at any such meeting to participate in or to have its representatives or agents participate in discussion from the floor of any prospective action, policy, or program which would be subject to the veto right set forth in this Section. No action, policy or program subject to the Declarant's veto right set forth in this Section shall become effective or be implemented until and unless the requirements of this Section have been met.

E. Until the termination of the Declarant Control Period, the Declarant, through its representatives or agents, may make its concerns, thoughts and suggestions known to the Board and/or the members of a committee. The Declarant acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within ten (10) days following the meeting at which such action was taken or, in the case of any action taken by written consent or written ballot in lieu of a meeting, at any time within ten (10) days following receipt of written notice of the action taken. The Declarant may use its veto right to block proposed actions. The Declarant shall not use its veto right to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.14. Limited Liability of the Board

The Board, and its members in their capacity as members, officers and employees:

(a) Shall not be liable for the failure of any service to be obtained by the Board and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Owner or person on the Property;

(b) Shall not be liable to the Owners as a result of the performance of the Board members' duties for any mistake of judgment, negligence or otherwise, except for the Board members' own willful misconduct or recklessness;

(c) Shall have no personal liability in contract to an Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Board or the Association in the performance of the Board members' duties;

(d) Shall not be liable to an Owner, or such Owner's tenants, employees, agents, customers or guests, for loss or damages caused by theft of or damage to personal property left by such Owner or his tenants, employees, agents, customers or guests on a Lot or Area of Association Responsibility;

(e) Shall have no personal liability in tort to an Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Board members' own willful misconduct or recklessness in the performance of their duties; and

(f) Shall have no personal liability arising out of the use, misuse or condition of the Areas of Association Responsibility, or which might in any other way be assessed against or imputed to the Board members as a result of or by virtue of their performance of their duties, except for the Board members' own willful misconduct or recklessness.

3.15. Indemnification. Each member of the Board in his capacity as an Board member, officer or both, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding in which he may become involved by reason of his being or having been a member of the Board and/or officer, or any settlement of any such proceeding, whether or not he is a Board member, officer or both at the time such expenses are incurred, except in such cases wherein such Board member and/or officer is adjudged guilty of willful misconduct or recklessness in the performance of his duties. Advance indemnification of a Board member or officer may be allowed by the Board for reasonable expenses to be incurred in connection with the defense of the action, suit or proceeding, provided that the member or officer must reimburse the Association if it subsequently determined that the member or officer was not entitled to indemnification. The indemnification by the Association set forth in this Section shall be paid by the Association on behalf of the Owners and shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Owners or otherwise.

ARTICLE 4 OFFICERS AND THEIR DUTIES

4.1. Enumeration of Officers. The principal officers of the Association shall be a President, Vice-President, Secretary and Treasurer. All officers shall be elected by the Board. After the termination of the Declarant Control Period, the president must be a member of the Board. Any

other officers may, but need not, be members of the Board. The Board may elect such other officers as the Board deems desirable, 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. The same individual may simultaneously hold more than one office in the Association.

4.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

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

4.4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Association. A resignation is effective when the notice is delivered unless the notice specifies a later date or event. The acceptance of a resignation shall not be necessary to make it effective. If a resignation is made effective at a later date or event and the Board accepts the later effective date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor shall not take office until the effective date.

4.5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.6. Powers and Duties; Compensation; Indemnification.

A. To the extent such powers and duties are not assigned or delegated to a Managing Agent pursuant to Section 3.11, the powers and duties of the officers shall be as follows:

President. The president shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; and have general and active management of the business of the Association;

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 shall exercise and discharge such other duties as may be required of him by the Board;

Secretary. The secretary 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 their addresses, and shall perform such other duties as required by the Board;

Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Community Documents; keep proper books of account; prepare an annual budget

and a statement of income and expenditures; and, in general, perform all the duties incident to the office of treasurer.

B. No officer shall receive any compensation from the Association for acting as such officer, but may be reimbursed for any reasonable out-of-pocket expenses incurred in performing his duties.

C. The provisions of Section 3.15 hereof, regarding indemnification of members of the Board, shall also apply in the same manner to officers of the Association.

ARTICLE 5 COMMITTEES

5.1. Committees of the Board. The Board may create one or more committees and appoint members of the Board to serve on them. Each committee shall have one or more members, and each member of a committee shall serve at the pleasure of the Board. The creation of a committee and appointment of members of the Board to the committee must be approved by the greater of: (a) a majority of all the directors in office when the action is taken; or (b) the number of directors required by Section 3.9 to take action. The provisions of these Bylaws governing meetings, action without meetings and notice, waiver of notice, quorum and voting requirements of the Board shall also apply to committees and their members.

Each committee of the Board may exercise the authority of the Board to the extent specified by the Board, except that a committee shall not take any of the following actions: (a) authorize distributions; (b) approve or recommend to the Members any action that requires the Members' approval under the Community Documents or by law; (c) fill vacancies on the Board or on any of its committees; (d) adopt, amend or repeal these Bylaws; (e) fix the compensation of directors for serving on the Board of Directors or any committee of the Board; or (f) take any action prohibited by Section 53-8-21 NMSA 1978.

The Board may designate one or more directors as alternate members of any committee who may replace any absent member at any meeting of the committee.

5.2. Other Committees. In addition to Committees of the Board, the Board may appoint committees consisting of members and/or non-members of the Board to perform such tasks as the Board deems necessary or desirable. Any such committees shall be advisory only and shall not have the power to exercise any authority of the Board.

ARTICLE 6 ADDITIONAL PROVISIONS REGARDING DOCUMENTS

6.1 Association Records

A. Inspection by Members. Current copies of the following documents shall be available for inspection by an Owner within ten (10) business days of written request by the Owner:

- (1) the Declaration;
- (2) the name, address and telephone number of the Association's Managing Agent, if any;
- (3) the Bylaws of the Association;
- (4) the names of all Association Members;
- (5) minutes of all meetings of the Association's Members and Board for the previous five years, other than executive sessions, and records of all actions taken by a committee in place of the Board or on behalf of the Association for the previous five years;
- (6) the operating Budget for the current fiscal year;
- (7) current Assessments, including both regular and special assessments;
- (8) financial statements and records of accounts of the Association, including amounts held in reserve;
- (9) the most recent financial audit or review, if any;
- (10) all current contracts entered into by the Association or the Board on behalf of the Association;
- (11) current Association insurance policies, including company names, policy limits, deductibles, additional named insureds and expiration dates for property, general liability and association director and officer professional liability, and fidelity policies; and
- (12) A recordable statement setting forth the amount of unpaid assessments against the requesting Owner's Lot.

B. Adoption of Annual Budget. Within thirty (30) days of adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all Owners.

C. Inspection by Prospective Purchasers. The Association also shall make available for inspection by prospective Lot purchasers current copies of the Declaration, these Bylaws, any Rules and Regulations, and the most recent annual financial statement.

D. Rules of Inspection. The Board may establish reasonable rules, not contrary to the Homeowner Association Act, with respect to:

- (1) notice to be given to the custodian of the records;

(2) the normal business hours and days of the week when such an inspection may be made; and

(3) payment of the cost of reproducing copies of documents requested.

E. Inspection by Board. Every member of the Board shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association (including those listed above) and the physical properties owned or controlled by the Association. The right of inspection by a member of the Board includes the right to make extracts and copies of documents at the expense of the Association.

6.2 Resale of Lots.

A. Within ten (10) business days after receipt of a written request from a Member, the Association shall furnish a disclosure certificate containing the information necessary to enable the Member to comply with the relevant provisions of the New Mexico Homeowner Association Act, Sec. 47-16-1 et seq. NMSA 1978 (the “**Homeowner Association Act**”). The Association may impose reasonable charges for preparation of a disclosure certificate.

B. An Owner providing a disclosure certificate pursuant to the Homeowner Association Act shall not be liable to the purchaser for any erroneous information provided by the Association and included in the disclosure certificate. An Owner is not liable to a purchaser for the failure or delay of the Association to provide the certificate in a timely manner.

ARTICLE 7 MISCELLANEOUS

7.1. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or sent by United States mail, postage prepaid, (A) if to an Owner, at the address which the Owner shall designate in writing and file with the Secretary or, if no such address is designated, at the address of the Lot of such Owner, or (B) if to the Association, the Board or to the Managing Agent, at the principal office of the Managing Agent if one exists, or at the principal office of the Association if no Managing Agent exists, or at such other address as shall be designated by notice in writing to the Owners pursuant to this section. If a Lot is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

7.2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or described the scope of these Bylaws or the intent of any provision thereof.

7.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

7.4. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Homeowner Association Act, and shall be so interpreted and applied.

CERTIFICATION

I hereby certify that I am the duly elected President of the Desert Sands Community Association and that the foregoing Bylaws constitute the original Bylaws of the Association and were duly adopted by the Board of Directors of the Association on the 31st day of August, 2017.



Price Nosky, President



Sara Andrews, Secretary