

FOURTH AMENDED AND RESTATED BY-LAWS
OF
HIGH DESERT RESIDENTIAL OWNERS' ASSOCIATION, INC.

ADOPTED September 19, 2023

TABLE OF CONTENTS

ARTICLE I NAME, PRINCIPAL OFFICE, AND DEFINITIONS	1
1.1. Name	1
1.2. Principal Office	1
1.3. Definitions	1
ARTICLE II ASSOCIATION: MEMBERSHIP, VOTING, MEETINGS, QUORUM, PROXIES	1
2.1. Membership	1
2.2. Voting	1
(a) <i>Voting Rights</i>	1
(b) <i>Exercise of Voting Rights</i>	1
2.3. Voting Members	2
2.4. Place of Meetings	3
2.5. Annual Meetings of Members	3
2.6. Special Meetings	3
2.7. Notice of Meetings	3
2.8. Waiver of Notice	3
2.9. Votes Cast by Voting Members	3
2.10. Majority	3
2.11. Quorum	4
2.12. Conduct of Meetings	4
2.13. Action without a Meeting	4
2.14. Electronic Meetings and Voting Procedures	4
ARTICLE III BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS	5
A. Composition and Selection	5
3.1. Governing Body: Composition	5
3.2. Number of Directors	5
3.3. Nomination of Directors	5
3.4. Election and Term of Office	5
3.5. Removal of Directors and Vacancies	5
B. Meetings	6
3.6. Organizational Meetings	6
3.7. Regular Meetings	6
3.8. Special Meetings	6
3.9. Waiver of Notice	6
3.10. Quorum of Board of Directors	7
3.11. Compensation	7
3.12. Conduct of Meetings	7
3.13. Open Meetings	7

3.14. Action without a Formal Meeting	8
C. Powers and Duties	8
3.15. Powers	8
3.16. Duties	8
3.17. Management	9
3.18. Accounts and Reports	10
3.19. Borrowing	11
3.20. Rights of the Association	11
3.21. Enforcement	11
(a) Notice	11
(b) Hearing	12
(c) Appeal	12
(d) Additional Enforcement Rights	12
ARTICLE IV OFFICERS	12
4.1. Officers	12
4.2. Election and Term of Office	12
4.3. Removal and Vacancies	12
4.4. Powers and Duties	13
4.5. Resignation	13
4.6. Agreements; Contracts; Deeds; Leases; Checks; Etc.	13
4.7. Compensation	13
ARTICLE V COMMITTEES	13
5.1. General	13
5.2. Covenants Committee	13
5.3. Nominating Committee	13
ARTICLE VI MISCELLANEOUS	14
6.1. Fiscal Year	14
6.2. Parliamentary Rules	14
6.3. Conflicts	14
6.4. Books and Records	14
(a) Inspection by Mortgagees	14
(b) Inspection by Members	14
(c) Rules for Inspection	15
(d) Inspection by Directors	15
6.5. Notices	15
6.6. Amendment	16
(a) By Members	16
(b) Validity and Effective Date of Amendments	16

FOURTH AMENDED AND RESTATED BY-LAWS
OF
HIGH DESERT RESIDENTIAL OWNERS' ASSOCIATION, INC.

Article I

Name, Principal Office, and Definitions

1.1. Name. The name of the Association shall be High Desert Residential Owners Association, Inc. (hereinafter sometimes referred to as the "Association").

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

1.3. Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for High Desert Residential Properties filed in the Office of the County Clerk of Bernalillo County, New Mexico (the "Declaration"), unless the context indicates otherwise.

Article II

Association: Membership, Voting, Meetings, Quorum, Proxies

2.1. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in the Declaration and these By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by an officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

2.2. Voting.

(a) Voting Rights. Each Member shall be entitled to one vote per Unit owned.

(b) Exercise of Voting Rights. Except as otherwise specified in the Declaration or these By-Laws, the vote for each Unit owned by a Member shall be exercised by the Voting Member representing the Village of which the Unit is a part, as provided in Section 2.3. The

Voting Member may cast all such votes as it, in its discretion, deems appropriate. In any situation in which a Member is entitled personally to exercise the vote for his Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

2.3 Voting Members.

The Members within each Village shall elect one Voting Member for each 50 Units within the Village (rounded up to the nearest 50). On all Association matters requiring a membership vote, each such Voting Member shall be entitled to cast that number of votes determined by dividing the total number of votes attributable to Units in the Village by the number of Voting Members elected from such Village, except as otherwise specified in the Declaration or these By-Laws. The Members within each Village shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member.

The Voting Member(s) and alternate Voting Member(s) from each Village shall be elected on a bi-annual basis, at a date determined by the Board, by written ballot by a plurality vote, based on ballots received.

Each Member shall be entitled to cast one equal vote for each Unit which it owns in the Village for each position. The candidate for each position who receives the greatest number of votes shall be elected to serve a term of two years and until a successor is elected. Candidates who are not elected as Voting Members shall serve as Alternate Voting Members for the Village, to the extent positions are available (with the candidates not elected as Voting Members filling the positions based on the number of votes received, and the candidate receiving the highest votes filling the first position, and continuing until all positions are filled).

Any Owner of a Unit in the Village may submit nominations for election or declare himself a candidate in accordance with procedures which the Board shall establish. If a Voting Member dies, becomes disabled, is removed or resigns during his or her term, and there is an Alternate Voting Member available to serve, then such Alternate Voting Member shall serve the remainder of the Voting Member's term. If there is more than one Alternate Voting Member, then the Alternate Voting Member who received the most votes when elected shall serve the remainder of the Voting Member's term. If there is a Voting Member vacancy and there is no Alternate Voting Member available to serve, then the Board shall appoint a Voting Member for the remainder of the term (such Voting Member shall be from the Village with the Voting Member vacancy).

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Members in the Village which such Voting Member represents.

2.4. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

2.5. Annual Meetings of Members. Annual meetings shall be set by the Board so as to occur during the fourth quarter of the Association's fiscal year on a date and at a time set by the Board of Directors so that an annual meeting is held at least once every thirteen months. Meetings shall be of the Voting Members, but all Members shall have the right to attend the meetings.

2.6. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Members representing at least 5% of the total votes of the Association.

2.7. Notice of Meetings. Written notice stating the place, day and hour of the Annual Meeting of Members and, in the case of a Special Meeting of the Voting Members, the purpose, shall be delivered, either personally, by mail, or by electronic mail, to each Member, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting. If no verification of receipt of e-mail by a Member is received by the Association, the Association shall provide notice by one of the other means provided in this section.

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

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

2.9. Votes cast by Voting Members. Voting Members may vote by absentee ballot or by electronic methods, through their designated Alternate Voting Member, or as otherwise provided by these bylaws. Proxy voting is not permitted.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Members representing a majority of the total votes in the Association shall constitute a quorum at all meetings of the Association. If any meeting of the Association cannot be held because a quorum is not present, the Association may call a second meeting to be held not less than 15 or more than 30 days from the date the original meeting was called. At the second meeting, the presence of the Voting Members representing 40% of the total votes in the Association shall constitute a quorum. If quorum is not met at the second meeting, the Association may call a third meeting, to be held not less than 15 days or more than 30 days from the date of the second meeting. At the third meeting, the presence of the Voting Members representing 25% of the total votes in the Association shall constitute a quorum. The quorum requirements may be satisfied by including Voting Members appearing in person, electronically, or by casting an absentee ballot.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough to leave less than a quorum, provided that Voting Members representing at least 25% of the total votes in the Association remain in attendance, and provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.12. 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 at the meeting, as well as a record of all transactions occurring at the meeting. Meetings may be conducted electronically as long as all participants can hear each other at the same time.

2.13. Action without a Meeting. Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, dated and delivered to the Association at its principal place of business in the State of New Mexico. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Voting Members. Written consents may be filed electronically.

2.14 Electronic Meetings and Voting Procedures. The Board of Directors is empowered to adopt procedures for electronic meetings and voting as contemplated by this Article to reflect the changing nature of available electronic methods.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. The directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a Member which is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time.

3.2. Number of Directors. The Board shall consist of seven directors.

3.3. Nomination of Directors. Nominations for election to the Board of Directors shall be made by the Nominating Committee as established in Section 5.3 below. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 3.4 below. Nominations shall also be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Voting Members and to solicit votes, as determined by the Board.

3.4. Election and Term of Office. Directors shall be elected to two-year, staggered terms and shall serve until their successors are elected.

3.5. Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes in the Association. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

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

B. Meetings.

3.6. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within 10 days thereafter at such time and place the Board shall fix.

3.7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Notice of the time, date and location of regular board meetings and drafts of any proposed policy resolutions shall be provided to Members at least forty-eight (48) hours in advance electronically, by conspicuous posting, posting on the Association's website or social media or by any other reasonable means as determined by the Board. Notice shall also be delivered by electronic mail to each Member who has provided a valid email address to the Association.

3.8. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) electronic mail ("e-mail"). All such notices shall be given at the director's telephone number or sent to the director's address or e-mail address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone, or e-mail shall be delivered, telephoned, or e-mailed at least 72 hours before the time set for the meeting.

Notice of the time, date and location of special board meetings and drafts of any proposed policy resolutions shall be provided to Members at least forty-eight (48) hours in advance electronically, by conspicuous posting, posting on the Association's website or social media or by any other reasonable means as determined by the Board. Notice shall also be delivered by electronic mail to each Member who has provided a valid email address to the Association.

3.9. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes, and notice of the meeting is given to the Members in

accordance with the requirements of the law. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Quorum of Board of Directors. At all meetings of the Board of Directors, 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 of Directors, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.11. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.12. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings. The meetings of the Board of Directors or any committee may be held by telephone or other means whereby all participants can hear each other at the same time. Any member of the Board or a committee of the Board may participate in a meeting of the Board or a committee of the Board by means of a conference, telephone or similar communications equipment so that all persons participating in the meeting can hear each other at the same time.

3.13. Open Meetings. Subject to the provisions of Section 3.14, all Members shall have the right to attend and speak at all open Board meetings. However, the Board may place reasonable time restrictions on those persons speaking. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and reconvene in executive session, excluding Members, to discuss matters including:

- (a) legal advice from an attorney for the Board or Association;
- (b) pending or contemplated litigation; or

(c) personal, health or financial information about an individual Member of the Association, an individual employee of the Association or an individual contractor for the Association.

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

C. Powers and Duties.

3.15. Powers. The Board of Directors 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 Declaration, these By-Laws, the Articles, and as provided by law. The Board may do or cause to be done all acts and things as are not by the Declaration, Articles, these By-Laws, or New Mexico law directed to be done and exercised exclusively by the Voting Members or the membership generally.

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

- (a) preparation and adoption of annual budgets and establishing each Owner's share of the Common Expenses and Village Expenses;
- (b) levying and collecting assessments from the Owners to fund the Common Expenses and Village Expenses;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;
- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;
- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;

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

(i) enforcing by legal means the provisions of the Declaration, these By Laws, and the rules adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying property and liability insurance and fidelity bonds or insurance, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

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

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules and all other books, records, and financial statements of the Association;

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

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association in accordance with N.M.S.A. §53-8-26, and in accordance with the Articles of Incorporation and the Declaration; and

(p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.17. Management. The Board of Directors may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board of Directors may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in Sections 3.16(a) and 3.16(i).

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

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

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

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

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

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

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

(f) commencing at the end of the month in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

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

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

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

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

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

(g) an annual report consisting of at least the following shall be made available to

all Members within 120 days after the close of the fiscal year and within thirty (30) days of its completion: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant in accordance with generally accepted accounting principles; provided, upon written request of any holder, guarantor or insurer of any first mortgage on a Unit, the Association shall provide an audited financial statement.

3.19. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in Section 10.5 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 10% of the budgeted gross expenses of the Association for that fiscal year.

3.20. Rights of the Association. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Villages and other owners or residents associations, both within and outside the Properties. Such agreements shall require the consent of a majority of the total number of directors of the Association.

3.21. Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Unit of the violator, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Board to limit ingress and egress to or from a Unit or to suspend an Owner's right to vote due to nonpayment of assessments. In addition, the Board may suspend any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charges owed to the Association. An Owner shall be responsible and liable for the acts of his or her occupants, tenants, guests and invitees, and for any fines imposed due to their actions. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposing any sanction, other than sanctions relating to the failure to pay assessments, the Board or its delegate shall provide the Owner with written notice of the violation, and provide the Owner with an opportunity to submit a written statement or for a hearing before the Board or the Covenants Committee, if any, appointed pursuant to Article V. If a request for a hearing is not made within the time period specified in the notice, the sanction shall be imposed. Whether or not a hearing is requested, the Board may impose a sanction retroactively to the date the violation was first observed. Furthermore, the Board, or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the

violation is cured within any time period provided to the Owner for curing the violation. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person. Notice and a hearing are not required for violations that pose an imminent threat to public health or safety.

(b) Hearing. If a hearing is requested within the time period specified in the notice, the hearing shall be held before the Covenants Committee, if any, or if none, before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 10 days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary in this Article, the Board may elect to enforce any provision of the Declaration, these By-Laws, the Rules, or the Guidelines for Sustainability of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), and/or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV Officers

4.1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President, Vice President, Secretary, and Treasurer shall be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed by the Board of Directors. Such other officers may, but need not be members of the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Voting Members.

4.3. Removal and Vacancies. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy

in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

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

4.5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements; Contracts; Deeds; Leases; Checks; Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least one officer or by such other person or persons as may be designated by resolution of the Board of Directors.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.11.

Article V Committees

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

5.2. Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1 or the Declaration, the Board of Directors may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.21.

5.3. Nominating Committee. The Nominating Committee shall consist of a Chair, who shall be a Voting Member, at least one member of the Board of Directors, and two or more Members or representatives of Members. No member of the Nominating Committee shall be a candidate for the Board of Directors. The Nominating Committee shall be appointed by the Board of Directors at such time as the Board deems appropriate for the Nominating Committee to be able to fulfill its obligations to the Association. The Nominating Committee shall make

nominations for the Board of Directors according to Section 3.3 above and shall supervise the election of Voting Members and Alternate Voting Members according to the provisions of Section 2.3 above and Board Policies, if any.

Article VI
Miscellaneous

6.1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

6.2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with New Mexico law, the Articles of Incorporation, the Declaration, or these By-Laws. Because the Board consists of less than 12 members, committee rules shall apply to Board meetings.

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

6.4. Books and Records.

(a) Inspection by Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to its interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, any amendments to the foregoing, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Inspection by Members. All financial and other records of the Association shall be made available during regular business hours for examination by a Member within ten (10) business days of a written request. As used in this paragraph "financial and other records" means:

- (i) the Declaration of the Association;
- (ii) the name address and telephone number of the association's designated agent;
- (iii) the Bylaws of the Association;
- (iv) minutes of all meetings of the Association's Owners 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;
- (v) the operating budget for the current fiscal year;

- (vi) current assessments, including both regular and special assessments;
- (vii) financial statements and accounts, including bank account statements, transaction registers, association-provided service or utility records and amounts held in reserve;
- (viii) the most recent financial audit or review, if any;
- (ix) all current contracts entered into by the Association or the Board on behalf of the Association;
- (x) current insurance policies, including company names, policy limits, deductibles, additional names insured and expiration dates for property, general liability and association director and officer professional liability, and fidelity policies;
- (xi) any electronic record of action taken by the Board; and
- (xii) any other record that is legally required to be provided to the Members.

(c) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested, not to exceed ten cents (\$.10) per page for copies.

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

6.5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member; or

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

6.6. Amendment.

(a) By Members. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 75% of the total votes in the Association. In addition, the approval requirements set forth in Article XIV of the Declaration shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(b) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective immediately. In no event shall a change of conditions or circumstances operate to amend any provision of these By-Laws.

If an Owner consents to any amendment to these By-Laws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

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

Certification

The President of the Association hereby certifies that the Fourth Amended and Restated By-Laws of High Desert Residential Owners Association, Inc. were properly approved and adopted on September 19, 2023.

High Desert Residential Owners Association, Inc.

By: _____

Name: George Marsh

Title: President

Attested to:

By: _____

Name: Robert Howell

Its: Secretary