

**HIDDEN VALLEY COMMUNITY SERVICES ASSOCIATION, INC.
BYLAWS**

**Article I
Name and Location**

The name of the corporation is HIDDEN VALLEY COMMUNITY SERVICES ASSOCIATION, INC, hereinafter referred to as the "Association." The principal office of the corporation shall be located at Albuquerque, Bernalillo. County, New Mexico, but meetings of members and directors may be held at such places as may be designated by the Board of Directors.

**Article II
Seal**

The corporate seal of the Association shall be in circular form and shall bear the name of the Association and such other language as is required by the laws of the State of New Mexico.

**Article III
Definitions**

Section 1. "Assessable Unit" shall mean and refer to (1) each Lot, on which there is no Living unit which is or has been occupied, which has been conveyed to an Owner who is not the Developer or a participating Builder, and (2) each Living Unit from and after the date of first occupancy.

Section 2. "Association" shall mean and refer to HIDDEN VALLEY COMMUNITY SERVICES ASSOCIATION, its successors and assigns.

Section 3. "Book of Resolutions" shall mean and refer to the document containing rules and regulations and policies of the Association, as same may be from time to time amended.

Section 4. "Common Area" shall mean and refer to those areas of land and improvements thereon, now or hereafter conveyed to the Association or shown on any recorded subdivision plat of The Properties, which are intended to be devoted to the common use and enjoyment of the Members."

Section 5. "Declaration" shall mean the covenants, conditions and restrictions and all other provision herein set forth in this entire document, as same may from time to time be amended.

Section 6. "Developer" Shall mean and refer to WESTERN DEVELOPMENT COMPANY, it successors and assigns and any other person who develops Living units on The Properties, provided, however, that no successor or assignee of the Developer shall have any rights or obligations of the Developer hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or which pass by operation of law.

Section 7. "First Mortgagee" shall mean and refer to an Institutional Lender who holds a purchase money mortgage on a Lot or Living Unit and who has filed such mortgage of record in Bernalillo County, New Mexico, or an institutional Mortgagee who holds a first mortgage by agreement of the Association.

Section 8. "General Plan of Development shall mean and refer to the total general scheme of intended uses of land in The Properties, as may be amended from time to time, and as further defined in Article II of the Declaration.

Section 9. "Governing Documents" shall mean and refer to the Declaration, all Supplementary Declarations, the Articles of Incorporation and Bylaws of the Association and the Book of Resolutions, as same may be amended from time to time.

Section 10. "Institutional Lender" shall mean and refer to one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts, including but not limited to real estate investment trusts, or any other lender regularly engaged in financing the purchase, constructions, or improvements of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured a loan of such a lender, or any combination of any of the foregoing entities.

Section 11. "Living Unit" shall mean and refer to any portion of a structure situated upon The Properties designed and intended for use and occupancy as a residence by a Single Family.

Section 12. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of The Properties with the exception of Common Area as heretofore defined.

Section 13. "Member" shall mean and refer to members of the Association and shall include all Owners and Occupants.

Section 14. "Multifamily structure" shall mean and refer to a structure with two or more Living Units under one roof, except when such Living Unit is situated upon its own individual Lot as defined herein.

Section 15. "Occupant" shall mean and refer to the occupant of a Living Unit who shall be the Owner, a contract purchaser, or a lessee who holds a written lease having an initial term of at least twelve (12) months.

Section 16. "Owner" shall mean and refer to the record holder of the fee simple title to any Lot, whether one or more persons or entities, and shall include contract sellers, but exclude those having such interest merely as security for the performance of an obligation.

Section 17. "Parcel" shall mean and refer to all platted subdivisions of one (1) or more Lots which are subject to the same Supplementary Declaration.

Section 18. "Participating Builder" shall mean and refer to a business enterprise which acquires a portion of The Properties for the purpose of improving such portion in accordance with the General Plan of Development for resale to an Owner.

Section 19. "The Properties" shall mean and refer to all real property which becomes subject to the Declaration, together with such other real property as may from time to time be annexed thereto under the provisions of Article II of the Declaration.

Section 20. "Single Family" shall mean and refer to a single housekeeping unit which consists of not more than three (3) adults who are legally unrelated.

Section 21. "Supplementary Declaration" shall mean any Declaration of Covenants, Conditions and Restrictions which may be recorded by the Developer, which extends the provisions of the Declaration to a Parcel and contains such complimentary provisions for such Parcel as are deemed appropriate by the Developer and as are required by the Declaration.

Article IV
Meeting of Members

Section 1: Annual Meetings. The Annual Meeting of the Owners shall be held in place of the stated July Board of Directors Meeting.

Section 2: Special Meetings. Special Meetings of the Owners may be called at any time by the President or by the Board of Directors, or upon written request of one tenth (1/10) of the Owners.

Section 3: Quorum

- A. Voting for the Board of Directors is outlined in these Bylaws, Article VI, Section 4.
- B. Voting for the Appeals Board is outlined in these Bylaws, Article XIV, Section 2.
- C. The quorum for voting in Special Meetings is specified in the Declarations of Covenants and Restrictions, and shall be followed. If the required quorum is not forthcoming at the Special Meeting, the meeting may be adjourned to another time no sooner than one (1) week nor later than one (1) month from that date. The quorum requirement shall be reduced by half (1/2) for the subsequent meetings.

Section 4: Voting Methods. Each Owner may vote in person, by absentee ballot, by mail, or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease after eleven (11) months.

Article V
Notice

Notice required by the Declaration, the Articles of Incorporation or these Bylaws shall be provided in writing by mailing a copy of such notice, first class postage prepaid, to the Member at the address last appearing on the books of the Association, or supplied by such Member for the purpose of notice.

Notice for meetings or a referendum where action by owners is required shall be provided to Owners at least thirty (30) days and no more than sixty (60) days prior to such meeting or referendum. Notice of all other meetings of Members shall be provided to Members at least fifteen (15) days before such meeting.

Notice of meetings or referenda shall specify the place, day and hour. In the case of a special meeting, the notice shall state the purpose of the meeting. In the case of a referendum, the notice shall include the matter(s) to be voted upon.

Article VI Board of Directors

Section 1: Term. The affairs of the Association shall be managed by a Board of up to fifteen (15) Directors, who need not be members of the Association. As long as the Class C Membership exists, the Board shall consist of Directors appointed by the Class C Member, who shall serve at the pleasure of the Class C Member, and Directors elected for two (2) year terms by the Class A and Class B Members.

Section 2: Composition. The apportionment of the Board between appointed and elected Directors shall be as follows: The initial Board of three (3) Directors shall be appointed and serve until the first annual meeting following conveyance of the first Lot in The Properties. At the first annual meeting six (6) Directors shall be appointed, and one (1) Director elected for a term of one (1) year and two (2) Directors elected for a term of two (2) years.

Six (6) weeks prior to subsequent annual meetings, the Board of Directors shall determine the number of Directors to be elected at the annual meeting so that the number of elected Director seats shall be equivalent to one (1) seat for each forty (4) Class A and Class B votes outstanding as of sixty (60) days prior to the annual meeting date, but in no event less than three (3) nor more than seven (7) elected Director seats. The remainder of Directors shall be appointed by the Class C Members.

After the Class C Membership expires, all Directors shall be elected.

Section 3: Method of Nomination. Candidates for election shall file a Petition of Candidacy, signed by not less than ten (10) Members, with the Elections Committee at least three (3) weeks before the annual meeting. The Elections Committee shall provide all Members with a ballot containing the names of all bona fide candidates not less than ten (10) days before the annual meeting.

Section 4: Method of Election: Election shall be by secret written ballot prior to the Annual Meeting. Votes may be cast in person, by mail, by absentee ballot, or by proxy. The Owners may cast, in respect to each vacancy, one (1) vote for each Lot owned or Living Unit owned. Cumulative voting is not permitted. For the purpose of election of Board of Directors Members, the number of valid ballots cast shall constitute a quorum. Those persons receiving the largest number of votes shall be elected.

Section 5: Resignation and Removal. The unexcused absence of an elected Director from three (3) consecutive regular meetings of the Board shall be deemed a resignation. Any elected Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. "Unexcused absence" shall mean absence without reasonable cause and without prior notice to the Board of Directors.

Section 6: Vacancies. In the event of death, resignation or removal of an elected Director, his successor shall be selected by the remaining elected Directors and shall serve for the unexpired term of his predecessor.

Section 7: Compensation. No Director shall receive compensation for any service he may render to the Association as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. Nothing herein shall prevent any Director from becoming an employee of the Association or contracting with the Association.

Article VII Meetings of Directors

Section 1: Regular Meetings. Regular meetings of the Board of Directors shall be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2: Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days' notice to each Director.

Section 3: Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business.

Section 4: Executive Sessions. All meetings of the Board shall be open to observers, except the President may call the Board into executive session on matters of personnel or for hearings on infractions of published rules and regulations. Any action taken by the Board in executive session shall be recorded in the minutes of the Association.

Section 5: 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 approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Article VIII Powers and Duties of the Board of Directors

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

- A. Exercise for the Association all powers, duties and authority vested in or delegated to this Association by law, the Articles of Incorporation, the Declaration or any Supplementary Declaration and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

- B. Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties.

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

- A. Cause the Common Areas to be maintained in good, clean, attractive and sanitary condition, order and repair;
- B. Adopt and publish rules and regulations, including fees, if any, governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to include these in the Book of Resolutions;
- C. Suspend the right to use the recreational facilities of an owner during any period in which such Owner shall be in default for more than thirty (30) days after notice in the payment or the assessment levied by the Association. Such right may also be suspended for Members after notice and hearing, for a period not to exceed sixty (60) days for infraction of the Declaration or the Book of Resolutions;
- D. Cause to be kept a complete record of all its corporate affairs including the Book of Resolutions, make such records available for inspection by any Member or his agent and present an annual statement thereof to the Members;
- E. Supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- F. Issue upon demand by any Member a certificate setting forth whether or not his assessment has been paid and giving evidence thereof for which a reasonable charge may be made;
- G. Designate depositories for Association funds, designate those officers, agents and/or employees who shall have authority to withdraw funds from such accounts on behalf of the Association, and cause such persons to be bonded, as it may deem appropriate;
- H. Hold a public hearing on the proposed annual budget and approve the annual budget by a two-thirds (2/3) vote of the Directors;
- I. By a two-thirds (2/3) vote of the Directors, fix annual general and parcel assessments at an amount sufficient to meet the obligations imposed by the Declaration and all Supplementary Declarations;
- J. Annually set the date(s) assessments are due, decide what, if any, interest rate is to be applied to assessments which remain unpaid thirty (30) days after they become due;
- K. Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the due date of the annual assessment or first installment thereof;
- L. Accelerate the payment of the Annual General Assessment and declare the entire balance due and payable in full for which any payment or installment remains unpaid sixty (60) days after the due date;
- M. Cause the lien against any property for which payments of the Annual General Assessment or installments thereof are not paid within sixty (60) days after due date to be recorded and, if not paid within ninety (90) days after due date, cause

an action at law to be brought against the Owner personally obligated to pay the same.

Article IX Officers

Section 1: Enumeration of Offices. The officers of this Association shall be a President and vice-president, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board of Directors may from time to time by resolution create.

Section 2: Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3: Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

Section 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.

Section 6: Multiple Offices. The offices of President and Secretary may not be held by the same person.

Section 7: Duties. The duties of the officers are as follows:

- A. President. The President shall preside at all meetings of the Board of Directors and of the Association, and shall be designated as Chairman of the Board of Directors: shall see that orders and resolutions of the Board are carried out: shall sign all mortgages, leases, deeds and other written instruments, and shall co-sign all promissory notes and contracts as the Board may approve from time to time.
- B. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such duties as may be required of him by the Board.
- C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; maintain the Book of Resolutions; keep the corporate seal of the Association and affix it on all papers

requiring said seal; serve notices to Members as provided in Article V; 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.

- D. Treasurer. The Treasurer shall cause all monies of the Association to be deposited in appropriate accounts and disbursed there from as directed by resolution of the Board of Directors; shall co-sign any promissory notes and contracts; keep proper books of account; at the completion of each fiscal year, cause an annual compilation report to be performed OR an audit or review of the Association books to be made by a certified public accountant; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Board and to the membership at its regular annual meeting.

Article X Committees

Section 1: Elections Committee. The Board shall appoint an Elections committee no later than two (2) months prior to the annual meeting date. The Committee shall consist of a chairman who may not be a Director, and at least four (4) Members, none of whom shall be candidates for office. It shall be the duty of the Committee to provide supervision of the nomination and election of Directors in accordance with procedures adopted by the Board and placed in the Book of Resolutions.

Section 2: Parcel Committee(s). Annually, the Board shall appoint an Owner from each Parcel within The Properties to serve as Chairman of his Parcel Committee. The Chairman shall appoint four (4) other Owners of Lots in the Parcel to serve as members. It shall be the duty of the Committee to advise the Board each year on the proposed budget for maintaining and operating the Common Areas and providing services in the Parcel. The Committee also shall perform such other duties as may be assigned by the Board.

Section 3: Other Committees. The Board shall appoint such other committees it deems appropriate to carry out its purpose.

Article XI Fiscal Year

The fiscal year of the Association shall begin on the 1st (1) day of January and end on the 31st (31) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Article XII
Indemnification of Officers and Directors

Each officer and director of the Association, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit, or proceeding, civil or criminal, to which he may be a party by reason of being or having been a director or officer of the Association. The foregoing right of indemnification shall not be exclusive of any other rights to which the director or officer or person may be entitled by law, or agreement, or vote of the Members or otherwise.

Article XIII
Architectural Review Board

Section 1: Composition. The Architectural Review Board shall be comprised of a Chairman, who shall not be a Director, and two (2) or more Members. A quorum for Architectural Review Board action shall be three (3) members. The proposed committee member shall be a Class A member or a resident delegate of a Class A member of Hidden Valley Community Services Association. The proposed committee member shall not be a current member of the Board of Directors but may be a member of a committee.

The ARB will submit annually a list of members to the Board of Directors for approval. The list will be submitted at the first Board of Directors Meeting after the annual meeting electing the Board of Directors. At any time, the Board of Directors may appoint and approve additional members to the ARB.

Section 2: Duties. It shall be the duty of the Architectural Review Board to regulate the external design, appearance, location and maintenance of The Properties and of improvements thereon and to regulate such uses of property, as described in the Declaration. In furtherance thereof, the Board shall:

- A. Review written applications of Owners and of the Association for improvements or additions to Lots, Living Units or Common Areas which have been conveyed by the Developer; and
- B. In accordance with the Bylaws and Book of Resolution, monitor Lots for compliance with architectural standards and approved plans for alteration; and
- C. Adopt architectural standards subject to the confirmation of the Board of Directors; and
- D. Adopt procedures for the exercise of its duties and enter them in the Book of Resolutions after approval by the Board of Directors.

Section 3: Procedures. The Architectural Review Board shall formulate general guidelines and procedures and submit them for confirmation to the Board of Directors. Such guidelines and procedures shall be considered adopted policy of the Association unless rejected

by a two-thirds (2/3) vote of the Board of Directors within thirty (30) days of the date of submittal. The adopted guidelines and procedures shall be incorporated in the Book of Resolutions and the Architectural Review Board shall act in accordance with such guidelines and procedures.

Section 4: Failure to Act. In the event the Architectural Review Board fails to approve, modify or disapprove in writing a correctly filed application within thirty (30) days, approval will be deemed granted.

Section 5: Appeal. An applicant may appeal an adverse Board decision to the Board of Directors who may reverse or modify such decision by a two-thirds (2/3) vote of the Directors.

Article XIV Appeals Board

Section 1: Composition. The Appeals Board shall be comprised of a Chairman and two (2) Members, none of whom may be members of the Board of Directors. Actions taken by the Appeals Board must be by vote of not less than two (2) of the Members. Members of the Appeals Board need not be members of the Association.

Section 2: Appointment or Election. At its first regular meeting, the Board of Directors shall appoint three (3) Members of the Appeals Board: one (1) Member to a one (1) year term, one (1) Member to a two (2) year term, and one (1) Member to a three (3) year term. Thereafter, Owners shall elect one (1) Member to fill the expiring term of a Member prior to the Annual Meeting. The term of each elected Member shall be three (3) years. Election shall be by secret written ballot prior to the Annual Meeting. Votes may be cast in person, by mail, by absentee ballot, or by proxy. The Owners may cast, in respect to each vacancy, one (1) vote for each Lot owned or Living Unit owned. Cumulative voting is not permitted. For the purpose of election of Appeals Board Members, the number of valid ballots cast shall constitute a quorum. The person receiving the largest number of votes shall be elected.

Section 3: Resignation, Refusal to Serve, Etc. Should any Member of the Appeals Board fail or be unable to serve because of resignation, death, or other incapacity, the remaining Members of the Appeals Board shall declare a vacancy and shall appoint a Member of the Board to serve out the remainder of the retiring Member's term.

Section 4: Procedures. All procedures shall be in accordance with the rules of the American Arbitration Association and the New Mexico Uniform Arbitration Act and all decisions of the Appeals Board shall be final excepting as to procedures provided for judicial review pursuant to the New Mexico Uniform Arbitration Act.

Section 5: Powers. It shall be the duty of the Appeals Board to faithfully exercise all powers enumerated in the Declarations and any Supplement thereto.

Article XV Amendment

Section 1: These Bylaws may be amended:

- A. By a vote of two-thirds (2/3) of the Directors at any meeting of the Directors duly called for that purpose, providing notice of the meeting and the proposed amendments has been given to the Members at least fifteen (15) days prior to the meeting, or
- B. At the annual meeting of the Members, by a vote of a majority of the votes of the Members who are voting in person or by proxy.

Amendments shall become effective upon adoption.

As long as there is a Class C Membership, upon adoption any amendment must be submitted for approval to the Class C Member or the Federal Housing Administration or Veterans Administration, should they have legal interest in The Properties. In the event approval or disapproval is not conveyed in writing to the Association within thirty (30) days of submission, approval will be deemed granted.

Section 2: In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control: and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

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