

AMENDED AND RESTATED
BYLAWS
OF
LAS ESTRELLAS MASTER ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of this nonprofit corporation is Las Estrellas Master Association, Inc. (the "Association"). The principal office of the Association initially shall be located at 333 Montezuma Avenue, Santa Fe, New Mexico, 87501.

ARTICLE II
DEFINITIONS

Initially capitalized terms utilized in these Bylaws shall have the same meanings given to such terms in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Las Estrellas, recorded in the real property records of Santa Fe County, New Mexico, as the same may be amended from time to time as therein provided.

ARTICLE III
MEMBERSHIP

Every Owner automatically shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership.

ARTICLE IV
MEETING OF MEMBERS

Section 1: Annual Meeting. The regular meetings of the Members shall be held on the second Monday in October of each year, at the hour of six o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the next succeeding business day.

Section 2: Special Meetings. Special meetings of the Members may be called at any time by either the President, any Member of the Board of Directors, or upon written request of Members holding twenty-five percent (25%) or more of the votes in the Association.

Section 3: Place of Meeting. The secretary or person(s) calling the meeting shall designate a place, within Santa Fe County, New Mexico, as the place of meeting for any annual meeting or for any special meeting.

Section 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 personally delivering or mailing a copy of such notice, not less than ten (10) nor more than fifty (50) days before the date for such meeting, to each Member entitled to vote thereat. If such notice is mailed it shall be mailed postage prepaid, addressed to the Member's address last appearing on the books of the Association. Such notice shall specify the place, date and hour of the meeting, and, in the case of special meeting, the purpose or purposes of the meeting. No business shall be transacted at any special meeting except as stated in such notice. It is the obligation of each Owner to notify the Board of such Owner's current address.

Section 5: Quorum and Voting. The presence at the meeting of Members, or of proxies, entitled to cast fifteen percent (15%) of the votes shall constitute a quorum for any action, except as otherwise expressly provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. When a quorum is present or represented at any meeting, a majority vote of the Members present or represented thereat will be required to decide any question brought before such meeting, unless the question is one upon which express provision of law, or of the Articles, Bylaws or Declaration, a larger or different vote is required, in which case such express provision shall govern and control the decision of such question. Voting of the Members shall be in accordance with Article V of the Articles of Incorporation.

Section 6: Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot.

Section 7: Action by Consent. Any action required to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the effect of a unanimous vote.

ARTICLE V

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1: Number. The affairs of this Association shall be managed by a Board of three (3) directors. Until the Declarant's right to appoint directors under Section 2 of this Article V has expired, the number of directors may be increased or decreased from time to time by Declarant. Thereafter, the number of directors may be increased and decreased from time to time by the vote of seventy-five percent (75%) of the Members of the Association. In no event,

however, shall the number of directors be less than three (3). Any vacancy created by an increase in the number of directors shall be filled by the Declarant, until Declarant's right to appoint directors under Section 2 of this Article V has expired, and thereafter by the Board of Directors.

Section 2: Appointment of Directors By Declarant. Until Declarant holds title to less than ten percent (10%) of the acreage constituting the Master Plan Tracts, or until Declarant relinquishes, in a writing recorded in the Santa Fe County real property records, Declarant's right to appoint any members of the Board of Directors, whichever is earlier, the members of the Board of Directors shall serve at the pleasure of the Declarant, who shall have the right to appoint, reappoint and discharge the members of the Board of Directors, at will. Upon the expiration of such period of time, the Members shall elect the members of the Board of Directors, as hereafter provided.

Section 3: Term of Office. At the first annual meeting of Members after the right of the Declarant to appoint the members of the Board of Directors shall cease or be relinquished, the Members shall elect such directors. Each director shall hold such position for a term of one (1) year, or until his or her successor shall have been elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve. Nothing herein contained shall prevent the election of a director whose term has expired to a new term as a director.

Section 4: Removal. After the Declarant's right to appoint directors under Section 2 of this Article V has expired, any elected director may be removed from the Board, with or without cause, by a two-thirds (2/3) vote of all of the Members of the Association. After the Declarant's right to appoint directors under Section 2 of this Article V has expired, upon the death, resignation or removal of any elected director, his or her successor shall be selected by the remaining directors and shall serve for the unexpired term of his or her predecessor.

Section 5: Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for the director's actual expenses incurred in the performance of the director's duties.

Section 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 action so approved shall have the same effect as a unanimous vote taken at a meeting of the directors.

Section 7: Indemnification. The directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise, except in the event of willful misconduct or recklessness. The Association shall indemnify and hold harmless each of the directors against all liabilities to and claims and demands made by others arising out of contracts made by the Board of Directors upon behalf of the Association and its Members, and in connection with any acts performed pursuant to the Declaration or these Bylaws, unless such director or directors are adjudged guilty of willful misconduct or recklessness in the performance of their duties as directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1: Nomination. After the Declarant's right to appoint directors under Section 2 of Article V has expired, the nomination for election to the Board of Directors shall be made from the floor at the annual meeting of Members.

Section 2: Election. After the Declarant's right to appoint directors under Section 2 of Article V has expired, election to the Board of Directors shall be by secret written ballot of the Members. At such election, the Members or their proxies, may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1: Regular Meetings. Regular meetings of the Board of Directors shall be held at least semi-annually, without notice, at such place and hour as may be fixed from time to time by resolution of the Board, at least one such meeting occurring immediately after the regular annual meeting of Members. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next succeeding business day. All regular meetings of the Board shall be open to Members.

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 director, after not less than two (2) days notice to each director. Attendance by a director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at a meeting of the Board, no notice shall be required and any business may be transacted at such meeting. Although notice to Members of special meetings of the Board is not required, all special meetings of the Board shall be open to Members.

Section 3: Quorum. A majority of the number of directors present in person or by proxy shall constitute a quorum for the transaction of business. Directors may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting as provided herein shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Every act or decision done or made by a majority of the directors present in person and by proxy at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1: Powers. The Board of Directors shall have the power to exercise for the Association all powers, duties and authority vested in or delegated to this Association herein, in the Articles of Incorporation and the Declaration, and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation or the Declaration. The Board of Directors shall specifically have all powers, duty and authority vested in or delegated to the Board of Directors herein, in the Articles of Incorporation, and in the Declaration.

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

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or any special meeting when such statement is requested in writing by Members holding one-half (1/2) of the votes of the Membership;

(b) Supervise all officers, agents, contractors and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided herein and in the Declaration, to fix and collect the amount of Assessments against each Lot, and, in addition to the rights of each Member, insure compliance with the Declaration;

(d) Issue, or to cause an appropriate officer to issue, upon demand by any Member, a certificate setting forth whether or not assessments have been paid on any Lot. (A reasonable charge may be made by the Board for the issuance of these certificates.) If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.;

(e) Procure and maintain adequate liability and hazard insurance on property and areas owned or maintained by the Association;

(f) If practicable, procure liability and errors and omissions insurance on the acts of directors and officers in connection with the Association's duties and activities;

(g) Cause any property or assets owned by the Association to be maintained and taxes thereon to be paid;

(h) Cause all bills of the Association to be paid from assessment funds.

Section 3: Committees. The Board of Directors may create such committees as the affairs of the Association may require, each of which committees shall be for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1: Enumeration of Officers. The officers of this Association shall be a president, vice-president and secretary, and a treasurer, and such other officers as the Board of Directors may from time to time create, all of which officers may, but need not be, members of the Board of Directors. The offices of president and secretary shall not be held by the same person.

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

Section 3: Term. The officers of this Association shall be elected annually by the Board and each shall hold office for a term of one (1) year, or until his or her successor shall have been elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4: Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6: 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 7: Duties. The duties of the officers are as follows:

(a) **President.** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; and, when available, shall sign all contracts, documents and written instruments.

(b) **Vice-President.** The vice-president, if any, shall act in the place and stead of the president in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required 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; 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.

(d) **Treasurer.** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board; keep proper books of account; and shall prepare an annual budget and a statement of receipts and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

Section 8: Indemnification. Officers of the Association shall be indemnified for any act they may perform upon behalf of the Association in the same manner herein provided for indemnification of the Board of Directors.

Section 9: Compensation. Officers of the Association may receive reasonable compensation for services rendered to the Association. Officers may also be reimbursed for the officer's actual expenses incurred in the performance of the officer's duties.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. Except as otherwise provided herein, by acceptance of ownership of a Lot each Owner is deemed to and does hereby covenant and agree to pay to the Association the following Assessments.

- (a) Annual or more or less frequent, General Assessments;
- (b) Special Assessments; and,
- (c) Individual Assessments, as applicable.

The General Assessments and Special Assessments shall be shared and paid by Owners, irrespective of whether or not such Owners have constructed improvements on their Lot, and whether or not such improvements have been or are being occupied, as follows:

- (i) For single family residential Lots other than Master Plan Tracts – One (1) share per Lot; and,

(ii) For multi-family and commercial Lots other than Master Plan Tracts – One share for each 3,000 square feet of impervious surfaces (e.g. roof surfaces and concrete, asphalt or other impervious surfaced driveways, sidewalks, walkways, parking lots, etc.) located on or comprising such Lot. (For Lots that are condominium units, the condominium unit's percentage interest in impervious surfaces located in the condominium shall be utilized in the calculation of impervious surfaces of such unit.) Notwithstanding any provision of these Bylaws to the contrary, the Declarant shall not be subject to assessments with respect to Lots that are Master Plan Tracts. If Declarant shall be the Owner of Lots other than Master Plan Tracts, then Declarant, as such an Owner, shall be subject to assessment in the shares indicated above.

The Assessments, together with such interest therein and costs of collection thereof, including reasonable attorneys' fees, shall be a charge on each Lot subject to assessment and shall be a continuing lien upon each such Lot and against which each assessment is made, as provided in the Declaration. Each such Assessment, together with such interest, cost and reasonable attorneys' fees also shall be the personal obligation of the Owners of each such Lot as also provided in the Declaration.

Section 2: Manner of Determining Assessments.

(a) **General Assessments.** Each year, before the regular meeting of the Members, the Board of Directors of the Association shall adopt a proposed budget estimating the total amount of funds necessary to pay the estimated costs and expenses for the ensuing calendar year of administering and operating the Association, and for the ownership, management, regulation, operation, construction, inspection, maintenance, repair, and/or replacement of the Centralized Drainage Control Structures, Open Space Drainage Area, Private Common Areas, Private Common Trails, Common Signage Structures, and Permanent Tract Development Signage (to the extent that the costs and expenses associated with a particular Private Common Area, Private Common Trail, Permanent Tract Development Signage, etc. are not to be assessed as an Individual Assessment against the Tract Development benefited thereby), or any portion thereof, together with reasonable amounts considered by the Board to be necessary as a reserve for contingencies. At the regular meeting of Members, the proposed budget shall be presented and discussed, and the Members shall either approve and adopt the proposed budget, or approve and adopt an amended budget. If a budget for the ensuing calendar year is not so approved and adopted by the Members at such meeting, then a budget for the ensuing calendar year shall be adopted by the Board at its regular meeting held immediately after the meeting of the Members. Within twenty (20) days after the adoption of a budget, the Board of Directors of the Association shall send each Owner or Owners of a Lot subject to assessment a copy of the written budget setting forth the type and amounts of the anticipated expenditures and reserves, the amounts of the General Assessments, and the dates when due. The earliest date when such General Assessments, or any portion thereof, shall become due shall be at least thirty (30) days after the date of the mailing or delivering of the written budget. Each Owner or Owners of each Lot subject to assessment shall pay to the Association the amount of General Assessment so assessed, on the date(s) when due. If such amount is not paid by such date, then a late fee of five percent (5%) of the amount owed shall be assessed and be due and owing, and the unpaid amount shall bear interest at eighteen percent (18%) per annum.

(b) **Special Assessments.** If the existing cash on hand of the Association proves inadequate for any reason, including the making of any extraordinary expenditures, non-payment of any General Assessment, or need to replenish reserves, the Board of Directors of the Association may at any time levy an additional, Special Assessment against Lots that are subject to assessment. The Board of Directors shall provide a statement in writing to the Owners giving the amount and reasons for the Special Assessment, and the Special Assessment shall be paid by the Owners within thirty (30) days of the date of the mailing or delivery of the written statement of the Special Assessment. If such amount is not paid by such date, then a late fee of five percent (5%) shall be assessed and be due and owing, and the unpaid amount shall bear interest at eighteen percent (18%) per annum.

(c) **Right to Waive or Reduce Assessments for HOP Homes.** Notwithstanding any provision of the Declaration or these Bylaws to the contrary, the Board, in its sole and absolute discretion, shall have the right to reduce or waive any and all General Assessments and Special Assessments, on a uniform basis, for the Owners of Lots that are subject to the City of Santa Fe Housing Opportunity Program.

Section 3: Damage. If any Owner or Owners, or the guests, lessees, Occupants, contractors, etc., of such Owner or Owners shall damage any Centralized Storm Water Detention Structure, Open Space Drainage Area, Private Common Areas, Private Common Trails, Common Signage Structures, Permanent Tract Development Signage, Public Open Space, Public Trail, or any improvements located thereon or therein, or default in the performance of such Owner or Owner's obligations under the Declaration or these Bylaws, and the Association shall thereupon correct or remedy such damage, or enforce the provisions of the Declaration, such Owner or Owners shall be jointly and severally liable to pay for the costs of such correction, remedy and/or enforcement, including reasonable attorneys fees incurred by the Association in connection with such correction, remedy and enforcement, as an Individual Assessment. The Board of Directors of the Association shall serve a statement in writing to the affected Owner or Owners giving the amount and reason for the Individual Assessment and the Individual Assessment shall be paid by the Owner or Owners within thirty (30) days of the date of the mailing or delivery of the written statement of such Individual Assessment. If such amount is not paid by such date, then a late fee of five percent (5%) shall be assessed and be due and owing, and the unpaid amount shall bear interest at eighteen percent (18%) per annum.

Section 4: Effect of Non-Payment of Assessments; Remedies of the Association. If any Assessment is not paid as of the date due, then the Assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the Lot in question, which shall bind such Lot in the hands of the then Owner, his or her heirs, devisees, personal representatives and assigns, without the necessity of filing or notice. Sale or transfer of any Lot shall not affect the Assessment lien. If the Assessment is not paid when due, then a late fee of five percent (5%) shall be assessed and be due and owing, and the unpaid amount shall bear interest at eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same and to foreclose the lien against the Lot and there shall be added to the amount of such Assessment the costs of preparing, filing and pursuing the complaint in such action, and if a

judgment is obtained, such judgment shall include interest on the Assessment as above provided and reasonable attorneys' fees to be fixed by the court together with the costs of the action.

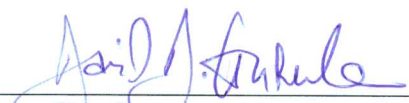
ARTICLE XII **AMENDMENTS**

Section 1: Amendments. These Bylaws may be amended by the Members either at a regular or special meeting of the Members, by Members representing at least seventy-five percent (75%) or more of the votes of the Association, or by unanimous written consent of Members; provided, however, that any such amendment shall require the written consent of the Declarant, unless the Declarant shall cease to hold record title to any portion of the Santa Fe Estates Master Plan Area, in which event the consent of the Declarant to any such amendment, shall be unnecessary.

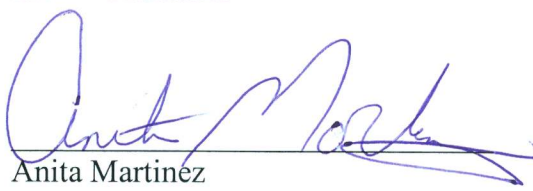
ARTICLE XIII **FISCAL YEAR**

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

Dated: May 28, 2004.



Dave Gurule
Its: President



Anita Martinez
Its: Secretary