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DECEMBER 15, 1995

DEAN SCHWEBACH
CERTIFIED PUBLIC ACCOUNTANT
811 ROUTE 66 N.W.
MORIARTY, NM 87035-2038

RE: LOS CERRITOS AREA HOMEOWNERS ASSOCIATION, INC.
SCC#1762541

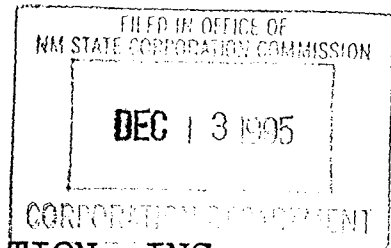
THIS COMMISSION APPROVED AND FILED THE INITIAL BYLAWS ON DECEMBER 13, 1995 (REFERENCE #3119542) FOR THE ABOVE CAPTIONED CORPORATION; SUBSEQUENT AMENDED/REVISED/RESTATED BYLAWS MUST BE FILED IN THIS OFFICE BEFORE THEY ARE EFFECTIVE AS REQUIRED BY LAW. FILING FEE OF \$10.00 MUST ACCOMPANY EACH DOCUMENT AND SAID DOCUMENT MUST BE SIGNED BY THE CHIEF OFFICER AND SECRETARY.

THE REFERENCED APPROVAL DOES NOT CONSTITUTE AUTHORIZATION FOR THE ABOVE REFERENCED CORPORATION TO TRANSACT ANY BUSINESS WHICH REQUIRES COMPLIANCE WITH OTHER APPLICABLE FEDERAL OR STATE LAWS, INCLUDING, BUT NOT LIMITED TO, STATE LICENSING REQUIREMENTS. IT IS THE CORPORATION'S SOLE RESPONSIBILITY TO OBTAIN SUCH COMPLIANCE WITH ALL LEGAL REQUIREMENTS APPLICABLE THERETO PRIOR TO ENGAGING IN THE BUSINESS FOR WHICH IT HAS OBTAINED APPROVAL OF THE REFERENCED DOCUMENT.

YOUR CANCELLED CHECK, AS VALIDATED BY THIS COMMISSION, IS YOUR RECEIPT. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CHARTERED DOCUMENT DIVISION AT (505) 827-4511 FOR ASSISTANCE.

CHARTERED DOCUMENT DIVISION
LAT

3119542



**BYLAWS
 OF
 LOS CERRITOS HOMEOWNERS ASSOCIATION, INC.
 A NEW MEXICO NONPROFIT CORPORATION
 PREAMBLE**

1762541

The following are the bylaws of Los Cerritos Area Home Owners Association, Inc., a New Mexico nonprofit corporation, ("the Corporation" or "the Association"), duly adopted by the Board of Directors on JANUARY 1, 1996 to regulate the internal affairs of the Corporation.

**ARTICLE I
 CORPORATE OFFICE**

Section 1.1 The principal office of this Corporation shall be located at 200 Central S.E., Moriarty, New Mexico 87035. The registered office of the Corporation shall be maintained at the same address by filing appropriate notices with the State Corporation Commission as required from time to time.

**ARTICLE II
 MEMBERS**

Section 2.1 Qualifications. Each owner of a lot shall be a member of the Corporation, and such ownership of a Lot or interest therein shall be the sole qualification for and entitlement to membership in the Corporation.

Section 2.2 Good Standing. A Member in Good Standing shall be defined as a Member whose Association dues and fees, assessments, fines and other obligations to the Association have been paid in accordance with the provisions in these Bylaws and other Association rules and whose right to vote has not been suspended pursuant to disciplinary action of any kind.

Section 2.3 Voting. Each Member in Good Standing shall be entitled to one (1) vote for each in which such Member own an interest qualifying him or her as a Member; provided, however, that in no event shall more than one (1) vote be cast with respect to any Lot. When more than one Member owns an interest in a Lot, the vote for such Lot shall be exercised as they, among themselves, may determine, consistent with Section 2.3.1 below. A person not a Member in Good Standing is not entitled to vote.

2.3.1 Joint Owner Votes. The voting rights for each Lot may not be cast on a fractional basis. In the event that the joint Owners of a Lot are unable to agree among themselves as to how their voting rights shall be cast, they shall forfeit such voting rights as to the matter in question. If any Owner cast the voting rights of a particular Lot without protest by any other joint Owner, it will thereafter be conclusively presumed for all purposes that he, she, or they were acting with the authority and consent of the other Owners of the same Lot. In no event shall more than one (1) Member in Good Standing be entitled to cast a vote for a particular Lot, and only the first vote cast for a Lot shall be counted.

Section 2.4 Informal Action By Members. Any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Members, may be taken without a meeting, and a vote of the Members in Good Standing may be dispensed with, if a consent in writing, setting forth the action so taken, shall be signed by all of the Members in Good Standing entitled to vote with respect to the corporate action being taken. Such consent shall have the same effect as a unanimous vote of the Members in Good Standing.

ARTICLE III OFFICERS

Section 3.1 Officers -- Generally. The Officers of this Corporation shall consist of a President, a Vice President, a Secretary, and a Treasurer each of whom must be a Director of the Association. Officers shall be elected by the Board of Directors at the time and in the manner prescribed by these Bylaws.

* Section 3.2 Election and Term. All Officers of the Corporation shall be elected annually by the new Board of Directors at a special meeting to be held immediately after the annual meeting of Members and chaired by the outgoing President. If the election of Officers is not held as soon thereafter as may be convenient. All elected Officers term of office shall be one (1) year, or until a successor has been duly elected, and all elected Officers shall assume office as of July 1st of each year. Any Officer may succeed himself.

Section 3.3 Restriction. No two offices may be held at the same time by the same person.

Section 3.4 Vacancies. A vacancy in any office caused by death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors for the unexpired portion of the term, except as provided in Section 3.4.1 below. Vacancies may be filled at any meeting of the Board of Directors.

3.4.1 Vacancy - President. In the event of the office of President is vacated, for whatever reason, the Vice President shall immediately assume the office for the remainder of the unexpired term.

3.4.2 Vacancy - Vice President. In the event of a vacancy in the office of the Vice President, the Board of Directors shall have the power to elect or appoint a qualified Member from the Board of Directors to assume the office for the remainder of the term.

3.4.3 Vacancy - Secretary/Treasurer. In the event of a vacancy in either the office of Secretary or Treasurer, the Board of Directors shall have the power to elect or appoint, from either the Board of Directors or the membership at large, an eligible, qualified Member to assume the office for the remainder of the term.

Section 3.5 Removal. Any Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person removed. Election or appointment of an Officer shall not, of itself, create any contract rights.

Section 3.6 Duties - Generally. Each Officer shall perform the duties prescribed by these Bylaws, and any parliamentary and ministerial duties of such Officer set forth in the adopted Parliamentary Authority (as defined in Article XVI below), and such other duties as may be specified, from time to time, by resolution of the Board of Directors.

Section 3.7 Duties of the President. The President shall be the principal executive Officer of the Corporation and, subject to the control of the Board of Directors, shall generally supervise and control all of the business and affairs of the Corporation.

3.7.1 The President shall preside at all meetings of the Members and shall preside at all meetings of the Board of Directors.

3.7.2 The President shall present at each annual meeting of the Members and Board of Directors a report of the condition of the business of the Corporation.

3.7.3 The President shall cause to be called regular and special meetings of the Members and Board of Directors in accordance with the requirements of the statutes and these Bylaws.

3.7.4 The President shall generally supervise all employees and agents of the Corporation.

3.7.5 The President, with the Secretary or any other proper Officer of the Corporation as required and duly authorized by the Board of Directors, shall sign and execute all contracts in the name of the Corporation and all deeds, mortgages, bonds, contracts, notes, drafts or other orders for the payment of money, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

3.7.6. The President shall cause all books, reports and statements to be properly kept and filed as required by law.

3.7.7 The President shall enforce these Bylaws and perform all the duties incident to the office or which are required by law, and, generally, perform such duties as may be prescribed by the Board of Directors from time to time.

3.7.8 Upon taking office the President shall be deemed designated as, and shall register with the State Corporation Commission as, the registered agent of the Corporation.

3.7.9 The President may appoint a Parliamentarian of his choice, when needed.

3.7.10 The president is an ex-officio member of all Committees.

Section 3.8 Duties of the Vice President. The Vice President shall perform such duties as from time to time may be assigned by the President or by the Board of Directors. During any absence of the President or in the event of the President's inability to act, the Vice President shall, during such period, perform the duties of the President and, when so acting, shall have all the powers and be subject to all the responsibilities of the office of President. He shall serve as Chairperson of the Association Rules Committee.

Section 3.9 Duties of the Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors and the minutes of the meetings of the Members in the appropriate books.

3.9.1 The Secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

3.9.2 The Secretary shall be custodian of books, records and seal (if any) of the Corporation and shall affix the seal to corporate papers and documents when required and duly authorized.

3.9.3 The Secretary shall keep a book or record containing the names, alphabetically arranged, of all persons who are Members of the Corporation, showing their mailing addresses, telephone numbers as furnished to the Secretary by such Members, the number of Lots held by them respectively, and the dates when they became the Owners of record thereof (closing date). The Secretary shall keep all books, records and minutes of the Corporation available for inspection. Within the limits prescribed by law and by any Director or by any Member or his duly authorized representative. At the request of the person entitled to and inspection thereof, the Secretary shall prepare and make available a current list of the Officers and Directors of the Corporation and their addresses.

3.9.4 The Secretary shall attest to the execution of instruments on behalf of the Corporation by a proper officer thereof, and the Secretary shall affix the Corporate seal to such instruments on behalf of the Corporation when required and duly authorized.

3.9.5 The Secretary shall attend to all correspondence, and present to the Board of Directors at its meetings all official communications received by the Secretary.

3.9.6 The Secretary shall, in general, perform all duties incident to the office of Secretary assigned to the Secretary by the President or by the Board of Directors.

3.9.7 Under direction of the Secretary and/or the Board of Directors, the Manager(s) shall assist in carrying out the above outlined duties and responsibilities, if such a manager is employed.

Section 3.10 Duties of the Treasurer. The Treasurer shall have the care and custody of and be responsible for all the funds and securities of the Corporation, and shall deposit such funds and securities in the name of the Corporation in such banks, trust companies or other depositories as shall be designated by the Board of Directors.

3.10.1 Subject to banking resolutions adopted by the Board of Directors, the Treasurer or the President shall make, sign, and endorse in the name of the Corporation all checks, drafts, notes, and other orders for the payment of money and receive and give receipts for monies due and payable to the Corporation from any source whatsoever and deposit all such monies in the name of the Corporation.

3.10.2 The Treasurer shall keep accurate books of account of all of its business and transactions and shall at all reasonable hours exhibit books and accounts to any Member or his authorized representative upon application at the office of the Corporation during business hours.

3.10.3 The Treasurer shall render a report of the condition of the finances of the Corporation at each regular meeting of the Board of Directors and at such times as shall be required of him, and he shall make a full financial report at the annual meeting of the Members.

3.10.4 The Treasurer shall further perform all duties incident to the office of the Treasurer of the Corporation or that may be assigned to him by the President or by the Board of Directors.

3.10.5 If required by the Board of Directors, the Treasurer shall give such bond for the faithful discharge of the duties provided herein in such sum and with such surety or sureties as the Board of Directors shall determine.

3.10.6 The Treasurer is a member of the Budget, Finance, and Insurance Committee.

3.10.7 Under direction of the Treasurer and/or the Board of Directors, the Manager(s) shall perform such duties and have powers as may be assigned to them from time to time by the President or by the Board of Directors.

3.11 Manager(s). Manager(s) shall perform such duties and have such powers as may be assigned to them from time to time by the President or by the Board of Directors.

3.11.1 Any resident salaried employee(s) as qualified Owner(s) of a Lot is/are entitled to Membership and voting rights in accordance with the Declaration and the Bylaws, except that under no circumstances will they be considered eligible to serve in any capacity on the Board of Directors, they may serve on committees.

Section 3.12 Compensation of Officers. The Officers shall receive such salary or compensation as may be fixed by the Board of Directors from time to time. No Officer shall be prevented from receiving compensation by reason of the fact that he is also a Director of the Corporation.

ARTICLE IV MEMBERS MEETINGS

Section 4.1 Annual Meetings. An annual business meeting to announce the Election results and for the transaction of other business relative to the affairs of this Corporation shall be held on a date between the 1st and 23rd of June each year as determined by the Board of Directors. If the election of Directors is not held on the day designated for the annual meeting, or any adjournment thereof, the Board of Directors shall accuse the Election to be held as soon thereafter as may be practical.

Section 4.2 Regular Meetings. There shall be one (1) regular Member's meeting each year, for the transaction of business relative to the affairs of this Corporation, to be held during the second week of October or such other date designated by the Board of Directors.

Section 4.3 Special Meetings. Special meetings of Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of any Members in Good Standing holding no less than one fifth (1/5) of all the votes entitled to be cast at such meeting. All meetings shall be held within the Development or as close to it as is practical.

Section 4.4 Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the Officer or persons calling the meeting, to each Member in Good Standing of record entitled to vote at the meeting. If mailed, the notice 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 books of the Corporation with postage prepaid.

Section 4.5 Meeting of All Members. If all of the Members in Good Standing entitled to vote shall meet at a time and place, and consent to the holding of a meeting, such meeting shall be valid without call or notice and, at such meeting, any action may be taken by the Members which could be taken at a regular convened meeting.

Section 4.6 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining Members in Good Standing entitled to notice of, or to vote at, any meeting of Members or Election, or any adjournment thereof, or in order to make a determination of Members in Good Standing for any other proper purpose, the Board of Directors of the Corporation may provide that the books shall be closed for a stated period not to exceed thirty (30) days. If the books are closed for the purpose of determining Members in Good Standing entitled to notice of or to vote at a meeting of the Members in Good Standing and/or Election, the books shall be closed for at least ten (10) days immediately preceding the meeting and/or Election. In lieu of closing the books, the Board of Directors may fix in advance a date as the record date for any such determination of Members in Good Standing and/or Election, not less than ten days prior to the date on which the particular action requiring such determination of Members in Good Standing is to be taken. If the books are not closed and no record date is fixed for the determination of Members in Good Standing entitled to notice of, or to vote at, a meeting of Members in Good Standing and/or Election is mailed shall be the record date for the determination of Members in Good Standing. When a determination of Members in Good Standing entitled to vote at any meeting of Members in Good Standing and/or Election has been made as provided in this Section, the determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the books and the stated period of closing has expired.

Section 4.7 Voting List. The Officer or agent having charge of the books of the Corporation shall make, at least ten (10) days before each meeting of Members in Good Standing and/or Election, a complete list of the Members in Good standing entitled to vote at the meeting and/or Election or any adjournment thereof, arranged in alphabetical order, with the address of, and the number of Lots held by each, which list, for a period of ten (10) days prior to the meeting and/or Election and shall be kept on file at the office of the Corporation and shall be subject to the inspection by any Member in Good Standing at any time during usual business hours. The list shall also be produced and kept open at the time and place of meeting and/or Election and shall be subject to the inspection of any Member in Good Standing during the whole time of the meeting and/or Election. The original books shall be prima facie evidence as to who are the Members in Good Standing entitled to examine the list or books or vote at any meeting of Members in Good Standing and/or Election. Failure to comply with the requirements of this section does not effect the validity of any action taken at the meeting and/or Election.

Section 4.8 Quorum of Members. Twenty percent (20%) of the Members in Good Standing entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Members in Good Standing. A quorum, once attained at a meeting, shall be deemed to continue until adjournment notwithstanding the voluntary withdrawal of enough Members in Good Standing to leave less than a quorum. If a quorum is present, the affirmative vote of a majority of the Members in Good Standing represented at the meeting and entitled to vote on the subject matter

shall be the act of the Members in Good Standing, unless a vote of a greater number is required by law, by the articles of Incorporation, the parliamentary authority, or as otherwise specifically set forth in these bylaws. If less than twenty percent (20%) of the Members in Good Standing are represented at a meeting, and therefore a quorum is not present, a majority of the Members in Good Standing so represented shall have the power to adjourn the meeting to a time not less than five (5) days not more than thirty (30) days from the time the original meeting was called, but may not transact any other business. Any meeting of the Members of Good Standing where a quorum is present may be adjourned for any reason to a time. Not less than five (5) days nor more than thirty (30) days from the time of such meeting by the Members in Good Standing representing a majority of the Members in Good Standing present at the meeting, in person or by proxy. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called, provided a quorum is present.

Section 4.9 Proxies. At all meetings of Members, a Member may vote by proxy, which proxy must be written and dated, and must be executed and acknowledged before a Notary Public according to the statutory form of acknowledged power of attorney. A separate proxy is required for each Lot owned. No proxy shall be valid after eleven (11) months from the date of its execution. Any Member in Good Standing giving a proxy has the power to revoke it by giving notice to the Corporation in writing or orally in an open meeting before any vote taken.

Section 4.10 Approval of Minutes of Members Meetings. The President may appoint a committee of not less than three (3) of the Members in Good Standing who attended any meeting of Members, to approve the minutes of such meeting, and such approval shall be effective for all purposes.

ARTICLE V BOARD OF DIRECTORS

Section 5.1 General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors. They shall exercise all necessary and incidental intentions of this Corporation. Such action shall be subject to the provisions of the statutes of the State of New Mexico, the Articles of Incorporation, these Bylaws and the Association Rules.

Section 5.2 Composition. The Board of Directors shall consist of three (3) Directors.

Section 5.3 Qualifications. To be eligible to serve on the Board of Directors, a person must be an owner of Lot in Los Cerritos and be a Member in Good Standing.

Section 5.4 How Elected. In odd-numbered years, one (1) Director shall be elected, and in even-numbered years, two (2) Directors shall be elected. Election shall be by plurality vote, with those candidates receiving the most votes being elected.

Section 5.5 Directors Terms. Directors shall be elected for a two (2) year term, commencing on the first day of November, except as otherwise provided in these Bylaws.

Section 5.6 Election Board, Election Procedures. Association Rules and Regulations to be known as the "Election Procedures" shall be adopted by the Board of Directors. The Election Procedures shall provide for the establishment of a Election Board, nomination of candidates and publication of their names and candidacy, campaign procedures, and announcement of election results. The Election Procedures may contain other provisions as approved by the Board of Directors not inconsistent with the Articles, these Bylaws or applicable law. The Election Board may employ assistance, with the approval of the Board of Directors, necessary to carry out its duties.

Section 5.7 Duties and Powers. The Board of Directors shall have control and management of the business and affairs of the Corporation. The Board of Directors shall appoint and employ, discharge and set the compensation of all employees and outside agents of the Corporation. The Directors shall in all cases act as a Board, regularly convened and, in the transaction of business, the act of the Board. The Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Corporation as they deem proper, not consistent with the law or these Bylaws.

Section 5.8 Regular Meetings. Regular meetings of the Board of Directors shall be held at least once during each quarter, at a time and place designated and called by the President, and such other times and places as he or she, or the Board acting jointly, deems necessary.

Section 5.9 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President at any time. The President must, upon a written request of any two (2) Directors, call a special meeting to be held not more than seven (7) days after the receipt of such request. The President may fix any place, within Santa Fe County as a place for holding any special meeting of the Board of Directors.

Section 5.10 Notice. Notice of any special meeting shall be given either (i) at a prior meeting; (ii) in person or by telephone call to each Director personally; or (iii) by written notice delivered personally at least two (2) days in advance or mailed at least two (2) business days in advance to each Director at his last known post office address. Any Director may waive notice of any meeting. The business to be transacted at, or the purpose of, any special meeting of the Board of Directors shall be specified in the notice or waiver of notice of such meeting.

Section 5.11 Quorum. A majority of the three (3) Directors shall constitute a quorum for the transaction of business at any regular or special meeting of the Board of Directors. A quorum, once attained at a meeting, shall be deemed to continue until adjournment notwithstanding a voluntary withdrawal of enough

Directors to leave less than a quorum. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles of Incorporation, the Parliamentary Authority, or as otherwise specifically set forth in these Bylaws. For purposes of Section 7.1.1 below, "Contracts with Insiders", Interested Directors shall be counted for quorum purposes. If less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting without further notice, until a quorum shall be present.

Section 5.12 Presumption of Assent. A Director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before adjournment or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 5.13 Vacancy. In the event of a vacancy on the Board of Directors, the remaining Board of Directors shall have the power to appoint a qualified, eligible Member in Good Standing to fill such vacancy for the remainder of the term of the Director whose position has become vacant.

Section 5.14 Removal of Directors. At a Members meeting called expressly for that purpose, one (1) or more Directors, or the entire Board of Directors, may be removed from office prior to the expiration of his or her term of office only by the vote of at least a majority of the voting power residing in Members in Good Standing.

Section 5.15 Compensation. Directors as such shall not receive any salaries for their services, but by resolution of the Board of Directors, a reasonable fixed sum and reasonable expenses of attendance, if any, may be allowed for attendance at regular or special meeting of the Board of Directors; provided that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 5.16 Resignation. Any Director may resign his office at any time. Such resignation shall be made in writing and shall take effect immediately without acceptance.

Section 5.17 Special Terms. If any vacancy occurs on the Board of Directors and the Director vacating had greater than one (1) year remaining in his term, and the vacancy is not filled by the Board of Directors pursuant of Section 5.13 above, so that there exists an imbalance of outgoing Directors to remaining Directors at Election time, at the next Election such vacancy shall be filled for a one (1) year term in the following way:

5.17.1The Board of Directors shall inform the Members of the number of vacant positions to be filled by election for a one (1) year term.

5.17.2The Board of Directors shall assign newly elected Directors who have the least number of votes to these one (1) year terms.

5.17.3If not enough candidates run for the Board of Directors during an Election, the unfilled positions will be filled by the same procedure as filling a vacancy on the Board of Directors as provided in Section 5.13.

ARTICLE VI COMMITTEES

Section 6.1 Standing Committees. There shall be four (4) Standing Committees in this Association:

6.1.1 Architectural Control Committee.

6.1.2 Association Rules Committee.

6.1.3 Budget, Finance, and Insurance Committee.

6.1.4 Roads Development and Maintenance Committee.

Section 6.2 Architectural Control Committee, whose duty and responsibility it shall be to preserve the architectural and landscaping integrity of the Community, and whose duty and responsibility it shall also be to preserve and improve the landscaping, grounds, and other common areas of the Community, and to oversee security of the Community. They shall employ such assistance, with the approval of the Board of Directors, as is necessary to carry out these assignments.

Section 6.3 Association Rules Committee, whose duty and responsibility it shall be to review and make recommendations to the Board of Directors on all rules governing the Community and the Association by considering all issues objectively in light of the interest of all Members. The Vice President shall be Chairman of this Committee. They shall employ such assistance, with the approval of the Board of Directors, as is necessary to carry out these assignments.

Section 6.4 Budget, Finance, and Insurance Committee, whose duty and responsibility it shall be to review, investigate and/or audit the Corporation financial and business records periodically, or at the pleasure of the President or the Board of Directors, and to submit their findings. They shall consider and recommend appropriate action to be taken by the Treasurer and the Board of Directors on all matters. They shall annually prepare a proposed budget for the following fiscal year of the Corporation, and shall submit it to the Board of Directors for consideration. The Treasurer of the Association shall be a member of this Standing Committee. They shall employ such assistance, with the approval of the Board of Directors, as is necessary to carry out these assignments.

Section 6.5 Roads Development and Maintenance Committee, whose duty and responsibility it shall be to develop and maintain roads for public ingress and egress throughout Los Cerritos. They shall employ such assistance, with the approval of the Board of Directors, as is necessary to carry out these assignments.

Section 6.6 Committee Chairman. As soon as possible after the Annual Meeting of Members, the newly elected President shall appoint Directors or Members to serve as Chairman of the three (3) Standing Committees other than the Association Rules Committee.

Section 6.7 Term--Chairman. The Chairman of each Standing Committee shall select, from the Corporation membership, Members to complete his/her Standing Committee and to assist in carrying out the various functions of the Standing Committee, with deliberate care and consideration given to committee requirements and the knowledge and experience of persons selected. One member of each committee shall be designated to act as secretary by the Chairman. Members may participate on more than one Committee at a time. Members of the Board of Directors and salaried employees may also serve on more than one Committee.

Section 6.8 Vacancy -- Chairman. Any Chairman may resign his position as such by written notice to the Board of Directors, and any Chairman may be removed from such position for any reason by the Board of Directors. In the event of a vacancy in the position of Chairman of a Standing Committee, the President shall appoint a qualified Director or Member to fill the vacancy for the remainder of the term.

Section 6.9 Committee Procedures. All Standing Committees shall be responsible for creating, establishing, and subsequently reviewing and maintaining written operating procedures and policy statements relative to their areas of responsibility. These shall be reviewed, revised as necessary and approved each year by the Board of Directors.

Section 6.10 Other Committees. The Board of Directors, by resolutions adopted by a majority of the Directors, may designate the President, Vice President, Secretary, and Treasurer as an Executive Committee, and may form other committees, each of which, to the extent provided in the resolution shall have and may exercise all the authority of the Board of Directors in reference to amending, altering, or repealing these Bylaws; electing, appointing, or removing any member of any committee or any Director or Officer of the Corporation; amending the Articles of Incorporation, restating Articles of Incorporation, adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of any part of the property and assets of the Corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution of the Board of Directors unless, by its terms, such resolution of the Board of Directors provides that it may be amended, altered, or repealed by a specified committee.

The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any Director, of any responsibility imposed by law.

Section 6.11 Special Committees. Other Special Committees, having and exercising the authority of the Board of Directors in the management of this Corporation, may be designated by resolution adopted by the Board of Directors from time to time. Except as otherwise provided in the resolution, the President shall appoint the Chairman and the Chairman shall select from the membership, at least two (2) members for his/her committee. Members of each such committee shall be Members of this Corporation, and the President shall act as an ex-officio member of each such committee. Such committees shall organize themselves and elect, from their members, a secretary and shall perform the functions and discharge the duties described in the resolution; and proposed committee recommendations may be adopted by the Board of Directors.

Section 6.12 Special Committee Composition. At least one (1) Director, in addition to the President who is ex-officio, shall serve on each Committee of this Corporation, together with at least two (2) other Members from the membership at large.

Section 6.13 Attendance. At any meeting of the Board of Directors, regular or special, or of any committee, the attendance of a Director or committee member at such a meeting constitutes a waiver of notice of the meeting, except where a Director or committee member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Meetings of the Board of Directors or any committee may be conducted by conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other at the same time, and participation of any party by such means shall constitute attendance and presence of such party as if in person at the meeting.

Section 6.14 Consents. Any action required by the Nonprofit Corporation Act to be taken at a meeting of the Directors of the Corporation, or any action which may be taken at a meeting of the Directors or of a committee, 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, or all of the members of the committee, as the case may be. The consent shall have the same effect as a unanimous vote.

ARTICLE VII CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 7.1 Contracts. Subject to the provisions regarding Prohibited Contracts, the Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.1.1 Contracts with Insiders. A Director or Officer of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation either as a vendor, purchaser, or otherwise; nor shall any transaction or contract of the Corporation be void or voidable by reason of the fact that any Director or Officer or any firm of which any director or Officer is a member, stockholder, officer or director, is in any way interested in such transaction or contract; provided that such transaction or contract is or shall be authorized, ratified, or approved either (1) by a vote of a majority of a quorum of the Board of Directors, or (2) by the vote of the majority in interest of all Members in Good Standing; nor shall any Director or Officer be liable to account to the Corporation for any profits realized by or from or through any such transaction or contract authorized, ratified, or approved as herein provided by reason of the fact that he, or any firm of which he is a member, stockholder, officer or director was interested in such transaction or contract. Nothing herein contained shall create liability in the event above described or prevent authorization or approval of such contracts in any manner permitted by law.

Section 7.2 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 7.3 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Corporation, shall be signed by the Treasurer or the President, or otherwise as determined by the Board of Directors.

Section 7.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VIII SHARES OF STOCK

Section 8.1 The Corporation shall not have or issue shares of stock and no dividends shall be paid. Non-Transferable Certificates of Membership may be issued at the discretion of the Board of Directors.

**ARTICLE IX
POWERS AND DUTIES**

Section 9.1 Powers of the Corporation. The Corporation shall have all the powers of a Nonprofit Corporation organized under the laws of the State of New Mexico. All powers shall be exercised as directed by the Board of Directors or the Members as provided in these Bylaws, or the Articles of Incorporation. The Corporation shall have the power to do any and all lawful things including, without limitation, the following:

Section 9.1.1 Assessments. The Corporation shall have the power to establish, fix and levy assessments against the Owners of Lots and to enforce payment of such assessments, all in accordance with the provisions of the Declaration, the Members may disapprove a proposed budget requiring regular assessments in excess of the previous year's regular assessments by a factor greater than ten percent (10%).

Section 9.1.2 Right of Enforcement. The Corporation shall have the authority and power of enforcement, including the right to commence and maintain actions and suits at law or in equity for any appropriate remedy. In addition, the association shall have the right to support voting rights and/or assess monetary penalties.

9.1.3 Corporation (Association) Rules. The Board of Directors shall have the power to adopt, amend, and repeal reasonable rules and regulations ("Rules"). The Rules shall not conflict with or materially alter any provisions of these Bylaws, and in the event of any conflict between any such Rules and any provisions of these Bylaws which cannot be otherwise resolved, the provisions of these Bylaws shall prevail to the extent of any such conflict.

9.1.4. Policy Statements. The Board of Directors shall have the power to adopt, amend, repeal corporate Policy Statements to clarify and/or establish operation guidelines for the Association. Policy statements may be originated and/or modified by the Board of Directors. All Policy statements shall be sent to the membership within sixty (60) days following approval.

Section 9.2 Duties of the Corporation. The Corporation shall have the obligation to conduct all business affairs of common interest to all Owners and, without limiting the generality of the foregoing, to perform each of the duties set forth herein, and in the Articles.

Section 9.3 Financial Reports. The financial statements for the Corporation consisting of the proposed annual budget and the annual report, shall be regularly prepared and distributed to all Members. In addition, a monthly financial report shall be submitted to the Board of Directors. This report shall include, but not be limited to the receipts and disbursements for the previous accounting period. At least quarterly, a balance sheet shall be prepared and submitted to the Board of Directors. These monthly and quarterly reports shall also be available to the Members upon request.

**ARTICLE X
SEAL**

Section 10.1 The Board of Directors may provide a corporate seal which shall be circular in form and shall inscribed thereon the name of the Corporation, the State of incorporation and year incorporation, and the words "Corporation Seal" or "Seal". No instrument shall lack validity because of not having the corporate seal affixed.

**ARTICLE XI
INDEMNIFICATION AND LIABILITY**

Section 11.1 Indemnification. The Corporation shall indemnify any and all persons who may serve or who have served at any time as Directors or officers, or who, at the request of this Corporation, may serve or at any time have served, as Director or Officer of another corporation in which this Corporation own shares of the capitol stock or of which this Corporation is or may be a creditor, and their respective heirs and personal representative against any and all costs and expenses which may be imposed upon or incurred by him in connection with or resulting from any claim, action, suit, or proceeding in which such person may be involved by reason of his being or having been a Director or Officer of this Corporation, or of such other corporation. At the time such costs and expenses are imposed or incurred. As used herein, the term "costs and expenses" shall include, but shall not be limited to, counsel fees, fines, penalties and amount of judgements entered or amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by any such Director or Officer, other the amounts paid to the Corporation itself; provided, however, that no such Director or Officer shall be indemnified in any action, suit, or proceeding in which he shall admit or be adjudged liable for his own gross negligence or willful, or reckless misconduct in the performance of his duty. The foregoing rights of indemnification shall not be deemed exclusive of any other rights to which such Director or Officer may other wise be entitled. The Corporation may procure Directors' and Officers' in the discretion of the Board of Directors and at the Corporation's expense.

Section 11.2 Liability. No Member of the Board or of any committee, nor any Officer of the Corporation, nor the Managing Agent (s) if any, or other agent of the Corporation, shall be personally liable to any Owner, or to any party, including the Corporation, for any damage, loss, or prejudice suffered or claimed on the account of any act, omission, error, or negligence of any such person or entity in his, hers, or its capacity as such; provided that such person or entity has upon the basis of such information may be possessed by him, her or it, acted in good faith without willful, reckless, grossly negligent or intentional misconduct.

**ARTICLE XII
STANDING RULES**

Section 12.1 Formulation. The Board of Directors shall have the power to formulate such Standing Rules as they deem proper to supplement, but not conflict with, these Bylaws.

Section 12.2 Adoption/Rescission. Standing Rules may be adopted or rescinded by a two-thirds (2/3) vote of the Board of Directors at any regular or special meeting of the Board of Directors. Notice of a proposal that a new Standing Rule or an amendment thereof is to be submitted to the Board of Directors for adoption, shall be given to each of the Directors at least ten (10) days prior to such regular or special meeting.

**ARTICLE XIII
BOOKS AND RECORDS**

Section 13.1 This Corporation shall keep correct and complete books and records of the accounts and shall also keep minutes of the proceedings of its Members, Board of Directors, and Committee having and exercising any authority of the Boards of Directors; and shall keep its principal office a record listing the names, address, and telephone numbers of all Members, the number (s) of the lot (s) held by them respectively, and the dates when they respectively became Owners of record thereof (closing date). Books and records of the Corporation may be inspected by any Member or his duly authorized representative, upon one (1) day's written notice to the Board and may be copied or audited at his own expense, for any proper purpose under applicable law which purpose may be required by the Board to be stated in the notice. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association.

**ARTICLE XIV
FISCAL YEAR**

Section 14.1 The Board of Directors shall have the power to fix and, from time to time, change the fiscal year of the Corporation.

**ARTICLE XV
WAIVER OF NOTICE**

Section 15.1 Whenever any notice is required to be given under the statutes of the State of New Mexico, or under the provisions of the Articles of Incorporation or the Bylaws of the Corporation, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

**ARTICLE XVI
PARLIAMENTARY AUTHORITY**

Section 16.1 The rules contained in Robert Rules of Order, Newly revised shall govern the proceedings of this Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws and any special Rules of Order that this Association may adopt.

**ARTICLE XVII
AMENDMENTS TO THE BYLAWS**

Section 17.1 These Bylaws may be altered, amended, repealed, revised, or new Bylaws may be adopted by a two-thirds (2/3) vote of the entire Board of Directors at a regular or special meeting of the Board. Notice of a proposed change is to be submitted to the entire Board of Directors at least ten (10) days prior to the regular or special meeting of the Board. However, any Bylaws adopted by the Board of Directors may be altered, amended, repealed, or new Bylaws may be adopted by the vote of two-thirds (2/3) of all the Members in Good Standing at a regular or special meeting of the Members.

I hereby certify that the foregoing Bylaws are the Bylaws of this Corporation, revised and approved on the 1ST day of JANUARY 1996.

Walter F. Oden
President

Myra S. Oden
Secretary

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
)
COUNTY OF TORRANCE) SS:

ON THIS 13 DAY OF NOVEMBER, 1995, THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME BY THE PERSONS WHOSE NAME APPEARS ABOVE.

Jackie J. Beard
NOTARY PUBLIC

MY COMMISSION EXPIRES: 3/29/99



OFFICIAL SEAL
JACKIE J. BEARD
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 3/29/99

