

EXHIBIT A
TO
NEIGHBORHOOD DECLARATION

The Neighborhood portion of Phase 1A is described as follows:

Phase 1A Subdivision Survey of Aldea de Santa Fe recorded in Book 459 at Pages 7 through 19 as Document No. 1135,124 in the Office of the County Clerk, Santa Fe County, New Mexico on November 3, 2000 excepting approximately 8.092 acres of land known as the Village Center described below:

The Village Center portion of Phase 1A is described as follows:

That certain tract of land lying and being situate within Section 20, Township 17 North, Range 9 East, NMPM, 87 through 91, the "Plaza" and a portion of streets and three "Future Phase" lots in the area of the Plaza in Aldea de Santa Fe, and being more particularly described by metes and bounds as follows;

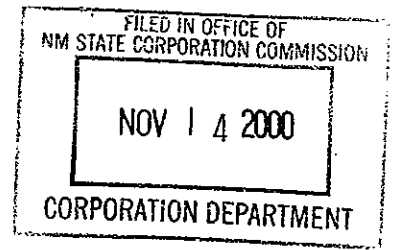
Beginning at the calculated point at the northwest corner of the above mentioned tract, said point being the northwest corner of Camino Ventura from whence a U.S.G.L.O. stone monument marking the section corner common to Sections 19, 20, 29 & 30 T.17 N., R.9 E. N.M.P.M. bears S32°49'35"W 3551.55 feet; thence, from said point of beginning along the northerly R.O.W. of Camino Ventura,

N73°00'00"E, 249.55 feet to a calculated point; thence,
N71°22'07"E, 79.03 feet to a calculated point; thence,
N73°00'00"E, 42.33 feet to a calculated point; thence,
43.09 feet along a curve to the right on said northerly
right-of-way, with a radius of 129.75 feet and a delta of
19°01'45" the chord of which bears N82°30'52"E, 42.89 feet to
calculated point; thence,
S87°58'15"E, 9.75 feet to a calculated point; thence,
S29°38'55"E, 78.29 feet to a calculated point; thence,
S17°00'00"E, 80.31 feet to a calculated point; thence,
S67°01'04"E, 48.11 feet to a calculated point; thence,
S87°58'15"E, 147.54 feet to a calculated point; thence,
N86°00'51"E, 71.88 feet to a calculated point; thence,
S88°40'12"E, 32.52 feet to a calculated point; thence,
168.14 feet along a curve to the right with a radius of
300.00 feet and a delta of 32°06'48" the cord of which bears
S04°46'27"W, 165.95 feet to a calculated point; thence,
S20°49'51"W, 62.13 feet to a calculated point; thence,
S32°28'32"W, 74.21 feet to a calculated point; thence,
8.05 feet along a curve to the left with a radius of 5.00
feet and a delta of 92°11'42" the cord of which bears
S46°05'51"W 7.21 feet to a calculated point; thence,

South, 111.64 feet to a calculated point; thence, S89°30'51"W, 158.64 feet to a calculated point; thence 108.05 feet along a curve to the left with a radius of 390.00 feet and a delta of 15°52'29", the chord of which bears S81°34'36"W, 107.71 feet to a calculated point; thence, S66°41'55"W, 63.56 feet to a calculated point; thence, S73°00'00"W, 149.51 feet to a calculated point; thence, 44.77 feet along a curve to the right with a radius of 57.00 feet and a delta of 45°00'00" the chord of which bears N84°30'00"E 43.63 feet to a calculated point; thence, N62°00'00"W, 64.15 feet to a calculated point; thence, 44.77 feet along a curve to the right with a radius of 57.00 feet and a delta of 45°00'00" the chord of which bears N39°30'00"W 43.63 feet to a calculated point; thence, N17°00'00"W 309.39 feet to a calculated point; thence, N28°27'25"W, 42.85 feet to a calculated point; thence, N73°00'00"E, 50.51 feet to a calculated point; thence, 15.71 feet along a curve to the left with a radius of 10.00 feet and a delta of 90°00'00" the chord of which bears N28°00'00"E 14.14 feet to a calculated point; thence, N17°00'00"W, 113.64 feet to a calculated point, the point and place of beginning.

Containing 8.092 acres, more or less.

All as shown on that certain exhibit titled, "Aldea de Santa Fe Village Center", by Richard E. Smith, N.M.P.S. 5837, dated July, 2000.



ARTICLES OF INCORPORATION
OF
ALDEA DE SANTA FE HOMEOWNERS ASSOCIATION, INC.

2233352

The undersigned, in order to form a non-profit corporation pursuant to the laws of the State of New Mexico, for the purposes hereinafter set forth, does hereby certify as follows:

ARTICLE A.

The name of the corporation is Aldea de Santa Fe Homeowners Association, Inc.

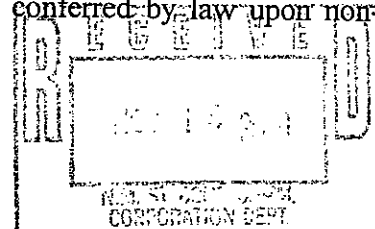
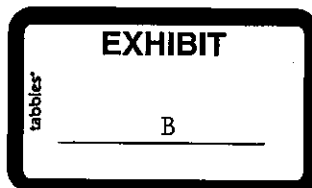
ARTICLE 2

The period of duration of the corporation is perpetual.

ARTICLE 3

The purposes for which the corporation are organized are:

- (a) to exist as a homeowners' association for Aldea de Santa Fe;
- (b) to enforce the Neighborhood Declaration of Charter, Easements, Covenants and Restrictions for Aldea de Santa Fe recorded in Book 1823, Page 845 of the records of Santa Fe County, New Mexico, as may be amended from time to time (the "Declaration");
- (c) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration;
- (d) to hold title to real estate and any and all interests in real estate, to purchase, acquire, sell, convey, mortgage, encumber, lease, grant or receive licenses to, and otherwise deal with property of every kind and description within the State of New Mexico, both real and personal;
- (e) to hold and exercise all of the powers conferred by law upon non-profit



corporations organized under the laws of the State of New Mexico;

2233353

(f) to provide for maintenance, preservation and architectural control within the real property that is subject to the Declaration and known as Aldea de Santa Fe;

(g) to promote the health, safety and welfare of the residents within the aforementioned real estate; and

(h) in general to carry on any lawful activity and perform any lawful act permitted by the laws of the State of New Mexico.

ARTICLE 4

Upon dissolution of final liquidation of the corporation, the assets of the corporation shall be distributed pursuant to Section 53-8-48, N.M.S.A. 1978.

ARTICLE 5

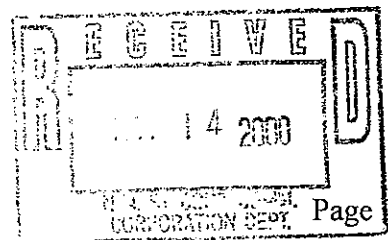
The address of the registered office of the corporation is 200 Marcy Street, Suite 142, Santa Fe, New Mexico 87501 and the initial registered agent at such office is Arthur Fields.

ARTICLE 6

The number of directors constituting the first board of directors is three. The names and addresses of such directors are (1) Arthur Fields, 200 W. Marcy Street, Suite 142, Santa Fe, New Mexico 87501; (2) Bryon Reid, 200 W. Marcy Street, Suite 142, Santa Fe, New Mexico 87501; (3) Stephen Etre, 2701 Cerrillos Road, Santa Fe, New Mexico 87501. Said initial directors shall serve until successor(s) are duly elected and qualified.

ARTICLE 7

The name of the incorporator is Arthur Fields and his address is 200 W. Marcy Street, Suite 142, Santa Fe, New Mexico 87501.



2233355



AMENDED AND RESTATED
BYLAWS
OF THE
ALDEA DE SANTA FE
HOMEOWNERS ASSOCIATION, INC.

OCTOBER, 2002

EXHIBIT C
TO THE
ALDEA DE SANTA FE
AMENDED, RESTATED AND SUPPLEMENTAL
NEIGHBORHOOD DECLARATION

AUTHORITY

These First Amended and Restated Bylaws of the Aldea de Santa Fe Homeowners Association, Inc., a New Mexico non-profit corporation formed pursuant to the Non-Profit Corporation Act of the State of New Mexico, Section 53-8-1, et seq., N.M.S.A. 1978, ("Neighborhood Association") amend, restate and supercede in their entirety the Bylaws of the Association adopted on November 20, 2000 (the "Initial Bylaws") and recorded as Exhibit "C" of the Neighborhood Declaration in Book 1823, commencing at Page 845 of the records of Santa Fe County, New Mexico. Pursuant to Section 17 of the Initial Bylaws, the Founder, pursuant to his exclusive right, hereby amends the Initial Bylaws to administer and regulate the Neighborhood Association. "Bylaws" as used herein means the Bylaws as amended and restated herein.

ARTICLE 1: PURPOSE AND CONTROL

1.1 PURPOSE.

The purpose for which this non-profit corporation is formed is to govern certain real property constituting portions of the real estate subdivision situate in the County of Santa Fe, State of New Mexico, which is known as "Aldea de Santa Fe", and which property (the "Neighborhood") is described in, and protected pursuant to the provisions of the Aldea de Santa Fe Amended, Restated and Supplemental Neighborhood Declaration of Charter, Easements, Covenants and Restrictions (the "Neighborhood Declaration") filed for record on 10-2, 2002 in Book 2233, Pages 307-319 in the records of Santa Fe County, New Mexico. These Bylaws are subject to the provisions of the Neighborhood Declaration, and, in the event any Bylaw adopted by the Neighborhood Association is or becomes inconsistent with the Neighborhood Declaration, the provisions of the Neighborhood Declaration shall control and such Bylaw shall be void from its inception.

1.2 OWNERS SUBJECT TO BYLAWS.

All present or future Owners, as defined in the Neighborhood Declaration, present or future occupants, or any other person or entity that might use in any manner any improvement on or any portion of real property that is subject to the Neighborhood Declaration and known as Aldea de Santa Fe are subject to the regulations set forth in these Bylaws. The mere acquisition or rental by any person of any of the Lots in the Neighborhood or the mere act of occupancy of any of said Lots will signify that these Bylaws are accepted, ratified and will be complied with by such person.

ARTICLE 2: DEFINITIONS

2.1 REFERENCE TO NEIGHBORHOOD DECLARATION.

All definitions stated in the Neighborhood Declaration are incorporated herein by reference as if fully restated in these Bylaws.

ARTICLE 3: MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

3.1 MEMBERSHIP.

Ownership of a Lot is required in order to qualify for membership in this Neighborhood Association. Any person or entity, on becoming an Owner of a Lot, shall automatically become a Member of the Neighborhood Association and be subject to these Bylaws and the Neighborhood Declaration. Such membership shall terminate without any formal Neighborhood Association action whenever such Owner ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Neighborhood Association during the period of such ownership and membership in it, or impair any rights or remedies which the Board of the Neighborhood Association or others may have against such former Owner and Member arising out of or in any way connected with Lot ownership, Neighborhood Association membership, and the Neighborhood Declaration or obligations incident thereto. No certificates of stock shall be issued by the Neighborhood Association, but the Board may, if it so elects, issue membership cards to the Lot Owners. Such membership card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate.

3.2 VOTING.

a. The Owner of a Lot shall have the number of votes equal to the number of Residential Units that can be built on the Lot. Voting rights for Lots on which commercial uses are intended shall be established by supplemental declaration, if Lots intended for commercial uses are annexed to the Neighborhood.

b. Each Owner shall be entitled to vote as provided in this Section on all matters properly submitted for vote to the membership of the Neighborhood Association. The right to vote may not be severed or separated from any Lot, and any sale, transfer or conveyance of the beneficial interest of the fee of any Lot to a new Owner shall operate to transfer the appurtenant voting rights without the requirement of any express reference thereto.

c. If title to any Lot shall be held by two or more persons, then each such co-owner shall be a Member of the Neighborhood Association and shall be entitled to a percentage of the vote for the Lot equal to such co-owner's percentage of ownership of the Lot. The co-owner's percentage of ownership of a Lot shall be determined by the title document for such Lot; in the absence of specific limitation, co-owners shall be presumed to have equal percentage of ownership. Any one co-owner of a Lot attending a meeting may, and shall be deemed to have, the authority to cast the vote of all other co-owners of that Lot who are absent from such meeting and have not executed a proxy with respect to their vote thereat. Corporations, partnerships and other entities shall notify the Neighborhood Association of the name and title of the natural person who

shall exercise its vote.

d. To the greatest extent permitted by law, the Neighborhood Association may institute voting by electronic or other means.

3.3 DEFINITION OF PERCENTAGE.

When any provision of the Neighborhood Declaration or Bylaws calls for the vote or the consent of the Members in any stated percentage, the following rule applies, unless the specific language of the provision provides to the contrary:

The percentage requirement shall be a percentage of the total Voting Power of the Neighborhood Association or of the total voting power of the required class or group and not a percentage of the number of Members of the Neighborhood Association, class or group.

"Voting Power of the Neighborhood Association" means the total number of votes of all Members at the time the pertinent vote is to be taken.

3.4 QUORUM.

Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members having at least ten percent (10%) of the total Voting Power of the Neighborhood Association shall constitute a quorum. Except as otherwise provided in the Neighborhood Declaration, the affirmative vote of Members who hold a majority of the votes present, either in person or by proxy, shall be required to transact business and to adopt decisions binding on all Owners.

3.5 PROXIES.

Votes may be cast in person or by proxy. Proxies must be in writing, dated and filed with the Secretary before the appointed time of each meeting. An Owner may designate a non-Member to be his/her proxy. Revocation of any proxy may be made at any time or by written notice to the Secretary. A revocation of a proxy shall not affect any vote or act taken or authorized pursuant thereto prior to such notice to the Secretary. A proxy shall terminate one year after its date, unless it specifies a shorter term. Conveyance of a Lot or undivided interest therein by an Owner shall be deemed revocation of any proxy executed by such Owner unless the successor in interest to such Owner assumes or takes subject to a mortgage containing an irrevocable proxy.

3.6 ACTION WITHOUT A MEETING.

Any action required or permitted to be taken by the board of directors at a meeting 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.

ARTICLE 4: ADMINISTRATION

4.1 ASSOCIATION RESPONSIBILITIES.

The Owners of Lots within the Neighborhood will constitute the Neighborhood Association, which will have the responsibility of administering the Neighborhood through a Board of Directors ("Board").

4.2 PLACE OF MEETING.

Meetings of the Members of the Neighborhood Association shall be held at such place as the Board may determine within Santa Fe County, New Mexico.

4.3 ANNUAL MEETING.

The first annual meeting of the Members of the Neighborhood Association shall be held on a date selected by the Board between November 1, 2002 and November 15, 2002, or as reasonably close thereto as possible. Thereafter annual meetings (the "Community Meetings") of the Neighborhood Association shall be held on a date selected by the Board between November 1 and November 15 in each year, or as reasonably close thereto as possible. At such Community Meetings there shall be elected by ballot of the Members a Board of Directors subject to election in accordance with the requirements of Section 5.5 of these Bylaws. The Members may also transact such other business of the Neighborhood Association as may properly come before the meeting.

4.4 SPECIAL MEETINGS.

It shall be the duty of the President to call a special meeting ("Special Meeting") of the Members of the Neighborhood Association as directed by resolution of the Board or upon a petition signed by Members having at least ten percent (10%) of the Voting Power of the Neighborhood Association, which resolution or petition shall be presented to the President. The notice of any Special Meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a Special Meeting except as stated in the notice unless by consent of Members having at least sixty-seven percent (67%) of the Voting Power of the Neighborhood Association, either in person or by proxy. Any such meeting shall be held within thirty (30) days after receipt by the President of such resolution or petition.

4.5 NOTICE OF MEETINGS.

It shall be the duty of the Secretary to provide a notice of each Community Meeting or Special Meeting, stating the purpose thereof as well as the date, time and place where it is to be held, to each Member of the Neighborhood Association, at least fifteen (15) days and not more than sixty (60) days prior to such meeting or as otherwise provided herein. Notice shall be provided either by (i) U.S. mail or (ii) electronic mail. The mailing of a notice in the manner provided in this Section shall be considered notice served. The certificate of the Secretary that notice was properly given as provided in these Bylaws shall be *prima facie* evidence thereof. Notices of meetings shall state the date, time and

place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Neighborhood Declaration or these Bylaws, and any Annual Budget changes and any proposal to remove a director. Notice of Community or Special Meetings shall also be posted in at least one conspicuous place within the Commons.

4.6 ADJOURNED MEETINGS.

If any meeting of Members of the Neighborhood Association cannot be organized because a quorum is not present, the Members who are present, either in person or by proxy, may adjourn the meeting, from time to time, for periods of no longer than one (1) week, until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.7 ORDER OF BUSINESS.

The order of business at all meetings of the Members of the Neighborhood Association shall be as follows:

- i. Roll call;
- ii. Proof of notice of meeting or waiver of notice;
- iii. Reading of Minutes;
- iv. Reports of officers;
- v. Reports of committees;
- vi. Election of directors (Community meetings only);
- vii. Unfinished business;
- viii. New business; and
- ix. Adjournment.

4.8 RULES OF MEETINGS.

The Board may prescribe reasonable rules for the conduct of all meetings of the Board and of the Members of the Neighborhood Association, and in the absence of such rules, Robert's Rules of Order shall be used.

ARTICLE 5: BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATION.

The affairs of the Neighborhood Association shall be governed by a Board composed of three (3) directors. The number of directors may be increased or decreased by amendment to these Bylaws; provided, however, that the number of directors shall not be reduced to less than three (3). Until their initial terms expire, the Board shall consist of those individuals named as such in the Neighborhood Association's Articles of Incorporation. Except for directors appointed by the Founder, who need not be Members, all other directors shall be Members or a designated representative of a Member.

5.2 POWERS AND AUTHORITY.

The Board shall have the powers and duties necessary for the administration of the affairs of the Neighborhood Association. The Board may do all such acts and things as are directed by law, the Articles of Incorporation, these Bylaws, or the Neighborhood Declaration as each may be amended from time to time.

5.3 OTHER POWERS AND AUTHORITY.

In addition to the powers and authority permitted by law, the Board shall be empowered and shall have authority as follows:

- a. to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Neighborhood Declaration, the Articles of Incorporation and the Bylaws as each may be amended from time to time;
- b. to adopt, establish, make, publish and enforce compliance with the Aldea de Santa Fe Neighborhood Rules and Regulations, or amend previously adopted Rules and Regulations, governing the details of (i) the operation, use, maintenance and control of the Lots, Commons and any facilities or services made available to the Owners within the Neighborhood, and (ii) any other matters contemplated under the Neighborhood Declaration. A copy of such Rules and Regulations shall be delivered to or mailed to each Member promptly upon the adoption thereof;
- c. to keep in good order, condition and repair all of the Common Roads and alleyways within Aldea de Santa Fe, including those within the Village Center portion of Aldea de Santa Fe, other than those accepted by the County of Santa Fe, and the Commons within the Neighborhood;
- d. to fix, determine, levy and collect periodically, the prorated Assessments to be paid by each Owner towards the gross expense of the Neighborhood Association and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Owners against the next succeeding assessment period; to levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies, as provided in Sections 8 and 9 of the Neighborhood Declaration;
- e. to impose penalties and collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Neighborhood Declaration and these Bylaws;
- f. to enter into contracts within the scope of its duties and powers;
- g. to establish a bank account for the common treasury and for all

separate funds which are required or may be deemed advisable by the Board;

h. to keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements of the Neighborhood Association and to permit examination thereof at any reasonable time by each of the Owners and Mortgagees, and upon affirmative vote of the Voting Power of the Neighborhood Association, to cause a complete audit to be made of the books and accounts by a competent certified public accountant;

h. to prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements of the Neighborhood Association since the last such statement;

i. to designate or remove the personnel necessary to carry out the duties and responsibilities of the Neighborhood Association;

j. to foreclose any lien against a Lot for default in the payment of Assessments for common or special expenses;

k. to provide for reimbursement of expenses, if any, of directors and officers and for reasonable compensation of employees of the Neighborhood Association; this provision shall not preclude the Board from employing a director as an employee of the Neighborhood Association nor preclude contracting with a director for the management of the Neighborhood in accordance with the provisions of these Bylaws;

l. to declare the office of a member of the Board to be vacant in the event such director shall be absent from three (3) consecutive meetings of the Board;

m. to suspend the voting rights of a Member of the Neighborhood Association, and to remove such Member as a director and/or officer of the Neighborhood Association, for failure to comply with these Bylaws or the Rules and Regulations of the Neighborhood Association or with any other obligations of the Owners pursuant to the Neighborhood Declaration, including payment of Assessments;

n. to acquire, hold and dispose of Lots and mortgage the same if such expenditures and hypothecation are included in the budget adopted by the Neighborhood Association;

o. to carry on the administration of the Neighborhood Association in general and to do all of those things necessary and reasonable and not inconsistent with the New Mexico Nonprofit Corporation Act, the Neighborhood Declaration and these Bylaws, in order to carry out the government and operation of the Neighborhood; and

p. to fulfill the Neighborhood Association's obligation to operate and

maintain the Community Center Building to be constructed and located on Lot 90 within the Village Center.

5.4 MANAGING AGENT.

The Board may employ a managing agent for the Neighborhood Association, at a compensation established by the Board, to perform such day-to-day management duties and services as the Board shall delegate and authorize. The term of any contract with a managing agent shall not exceed three (3) years.

5.5 ELECTION AND TERM OF OFFICE.

Members of the Board shall be elected by a majority (if two candidates only for the director position) or plurality (if more than two candidates for the director position) of votes cast at the Community Meeting of the Members of the Neighborhood Association; the initial terms of the directors' service shall be as follows:

- Position 1: 1 year
- Position 2: 1 year
- Position 3: 2 years

Upon the expiration of the term of any director position, the person elected to such position shall serve for a period of two (2) years such that the terms of the directors are partially staggered. A director shall serve until his or her term expires and a successor is duly elected and qualified, the director resigns or is unable to serve, or the director is removed in the manner hereinafter provided. Any vacancy in the Board occurring before the end of a term shall be filled in the manner provided in these Bylaws.

5.6 VACANCIES.

Vacancies in the Board caused by any reason other than the removal of a director by a vote of the Members of the Neighborhood Association shall be filled by decision of the remaining directors, even though they may constitute less than a quorum; and each person so appointed shall be a director until a successor is elected at the next Community Meeting of the Members of the Neighborhood Association.

5.7 REMOVAL OF DIRECTORS.

Subject to the provisions of Section 5.16 herein, at any Community Meeting or Special Meeting of the Members of the Neighborhood Association duly called, any one (1) or more of the directors, excepting any director named in the Articles of Incorporation, may be removed from the Board with or without cause by the vote of majority of the Voting Power of the Neighborhood Association, and a successor may then and there be elected to fill each vacancy thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. As provided for in Section 9.7 of the Neighborhood Declaration, failure by a director to make payment in full of any outstanding Assessment, after written notice is provided, shall result in automatic removal of the director from the Board. A successor may then be elected to fill such vacancy thus created in accordance with the provisions of these

Bylaws.

5.8 REGULAR MEETINGS.

Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors but at least one (1) such meeting shall be held each year. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or e-mail, at least three (3) days prior to the day named for such meetings. There shall be a regular meeting of the Board immediately following the Community Meeting of Members of the Neighborhood Association held pursuant to Section 4.3 hereof, and notice of such Community Meeting to Members of the Neighborhood Association in accordance with Section 4.5 hereof shall be deemed notice to each director of such regular meeting.

5.9 SPECIAL MEETINGS.

Special meetings of the Board may be called by the President on seven (7) days' notice to each director, given personally, or by mail, telephone or e-mail, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) directors.

5.10 WAIVER OF NOTICE.

Before or at any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him/her of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.11 BOARD OF DIRECTORS' QUORUM.

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.12 ACTION TAKEN WITHOUT A MEETING.

The directors shall have the right to take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. Notwithstanding the foregoing, regular or special meetings of the Board of Directors may be held by telephone conference.

5.13 COMPENSATION.

The members of the Board shall serve without salary or compensation, but may be reimbursed for out-of-pocket expenditures as authorized by the Board.

5.14 FIDELITY BONDS.

The Board may require that all officers and employees of the Neighborhood Association handling or responsible for the Neighborhood Association's funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Neighborhood Association.

5.15 COMMON OR INTERESTED DIRECTORS.

Each member of the Board shall exercise his/her powers and duties in good faith and with a view to the interests of the Neighborhood Association. No contract or other transaction between the Neighborhood Association and any of its directors, or between the Neighborhood Association and any corporation, firm or association in which any of the directors of the Neighborhood Association are directors or officers or are pecuniarily or otherwise interested is either void or voidable because any such director is present at the meeting of the Board or any committee thereof which authorizes or approves the contract or transaction, or because his/her vote is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

- a. the fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the Minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- b. the fact of the common directorate or interest is disclosed or known to at least a majority of the Owners, and the Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- c. the contract or transaction is commercially reasonable to the Neighborhood Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if such director were not such director or officer of such association or not so interested.

5.16 INITIAL CONTROL BY FOUNDER.

Notwithstanding anything herein to the contrary, as provided in Section 6.7 of the Neighborhood Declaration, the Founder shall appoint and remove the initial officers and members of the Board and may continue to appoint and remove a majority of the

members of the Board until sixty (60) days after completion of construction of seventy-five percent (75%) of the Residential Units indicated by the Master Development Plan has been completed and such constructed Residential Units have been conveyed to Owners other than the Founder. The Founder may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Control Period, in which case the Founder reserves the right to record an instrument specifying that, until the time Founder would have been required to end control of the Board, certain actions of the Board must be approved by the Founder before they become effective. No later than sixty (60) days after completion of construction of at least fifty (50) Residential Units has been completed and conveyed to Owners other than the Founder, Lot Owners shall have the right to elect at least one (1) member of the Board.

ARTICLE 6: OFFICERS

6.1 DESIGNATION.

The officers of the Neighborhood Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board.

6.2 ELECTION OF OFFICERS.

The officers of the Neighborhood Association shall be elected annually by the Board at its regular meeting after the Community Meeting of the Members and shall hold office at the pleasure of the Board. Vacancies in the offices of the Neighborhood Association shall be filled by the Board. One person may hold concurrently the office of Vice President and Secretary or Vice President and Treasurer or Secretary and Treasurer, but the President shall serve only in the office of President. All officers, except the officers elected while the Founder is in control of the Board during the Control Period, must be Members of the Neighborhood Association.

6.3 REMOVAL OF OFFICERS.

Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his/her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

6.4 PRESIDENT.

The President shall be elected from among the Board and shall be the chief executive officer of the Neighborhood Association. The President shall preside at all meetings of the Neighborhood Association and of the Board. The President shall have all of the general powers and duties which are usually vested in the office of president of a non-profit corporation, including but not limited to the preparation, execution, certification and recordation of amendments to the Neighborhood Declaration, the power to appoint committees from among the Members from time to time as he/she may in his/her discretion decide is appropriate to assist in the conduct of the affairs of the Neighborhood

Association or as may be established by the Board or by the Members of the Neighborhood Association at any Community Meetings or Special meetings.

6.5 VICE PRESIDENT.

The Vice President shall have all the powers and authority and perform all the functions and duties of the President in the absence of the President or due to the President's inability for any reason to exercise such powers and functions or perform such duties.

6.6 SECRETARY.

The Secretary shall keep all the minutes of the meetings of the Board and the Neighborhood Association. The Secretary shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall compile and keep an up-to-date and complete list of Members and their last-known addresses, as shown on the records of the Neighborhood Association, at the principal office of the Neighborhood Association.

Such a list shall also show opposite each Member's name the number or other appropriate designation of the Lot owned by such Member, the Member's percentage of ownership in such Lot, the number of Residential Units that may be built on such Lot and the percentage portion of General Assessments assigned to such Lot. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at a reasonable time during regular business hours.

6.7 TREASURER.

The Treasurer shall have responsibility for the Neighborhood Association's funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the name, and to the credit, of the Neighborhood Association in such depositories as may be required by the Neighborhood Declaration or may from time to time be designated by the Board, and shall timely pay all charges and obligations of the Neighborhood Association.

ARTICLE 7: INDEMNIFICATION AND LIABILITY

7.1 INDEMNIFICATION.

The Neighborhood Association shall indemnify every director and officer of the Neighborhood Association, and their heirs, executors, administrators, successors and assigns against all costs and expenses, including reasonable attorneys' fees, actually and necessarily incurred in connection with any action, suit or proceeding to which such person may be made a party by reason of being or having been a director or officer of the Neighborhood Association, except as to matters as to which such person shall be fully adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Neighborhood

Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his/her duty as such director or officer in relation to the matter involved.

The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Neighborhood Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Neighborhood Association as common expenses. Nothing contained in this Section shall, however, be deemed to obligate the Neighborhood Association to indemnify any Owner who is or has been a director or officer of the Neighborhood Association with respect to any duties or obligations assumed or liabilities incurred as an Owner under or by virtue of the Neighborhood Declaration, or his/her ownership of a Lot, as distinguished from his/her conduct and activities as an officer or director of the Neighborhood Association.

7.2 NON-LIABILITY OF THE DIRECTORS AND OFFICERS.

No director or officer of the Neighborhood Association shall be personally liable to the Members of the Neighborhood Association for any mistake of judgment or for any acts or omissions of any nature whatsoever as such director or officer, except for any acts or omissions found by a court to constitute gross negligence or willful misconduct. No director or officer shall be personally liable with respect to any contract made by him or her on behalf of the Neighborhood Association.

7.3 NON-LIABILITY OF NEIGHBORHOOD ASSOCIATION.

The Neighborhood Association shall not be liable for any failure of water supply or other services to be obtained by the Neighborhood Association or paid for as a common expense. The Neighborhood Association shall not be liable to any Owner for loss or damage, by theft or otherwise, of articles, which may be stored upon any of the Lots. No diminution or abatement of any Assessments, as provided in the Neighborhood Declaration or these Bylaws, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas or from any action taken by the Neighborhood Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

7.4 LITIGATION BY LOT OWNERS. A Lot Owner who sues the Neighborhood Association to enforce its obligation to maintain roads, common areas or other improvements in accordance with the Neighborhood Declaration, shall be compensated for attorneys' fees and court costs by the Neighborhood Association should he or she prevail. In the event that the Neighborhood Association shall prevail in such action, the Neighborhood Association shall be compensated for reasonable attorneys' fees and court costs by the Lot Owner who brought such action.

ARTICLE 8: MORTGAGES

8.1 NOTICE TO ASSOCIATION.

An Owner who mortgages his/her Lot shall immediately notify the Neighborhood Association through the managing agent, if any, or the Secretary of the Neighborhood Association, giving the name and address of his/her Mortgagee. The Neighborhood Association shall maintain such information in a book entitled "Mortgages of Lots."

8.2 NOTICE OF UNPAID ASSESSMENTS.

The Neighborhood Association shall at the request of a Mortgagee of a Lot report any unpaid Assessments due from the Owner of such Lot upon the payment of such reasonable charge as may be determined by the Board.

ARTICLE 9: EVIDENCE OF OWNERSHIP AND REGISTRATION OF MAILING ADDRESS

9.1 PROOF OF OWNERSHIP.

An Owner of a Lot shall furnish to the managing agent or the Board a photocopy or a certified copy of the recorded instrument vesting that Owner with an interest or ownership, which instrument shall remain in the files of the Neighborhood Association. Such Owner shall neither be deemed to be a Member of the Neighborhood Association in good standing nor shall be entitled to vote at any Community Meeting or Special Meeting of Members of the Neighborhood Association unless this requirement is first met.

9.2 REGISTRATION BY OWNER OF MAILING ADDRESS.

Each Owner shall register his/her mailing address and/or electronic mail address with the Neighborhood Association upon becoming an Owner of a Lot. Regular periodic Assessment statements, notices of Community Meetings and Special Meetings as provided in these Bylaws, and other routine notices shall be sent by either (i) regular U.S. mail, postage prepaid, addressed in the name of the Owner at such registered mailing address; or (ii) electronic mail addressed in the name of the Owner at such registered electronic mail address. All other notices or demands intended to be served upon an Owner shall be sent by either (i) registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address; or (ii) electronic mail addressed in the name of the Owner at such registered electronic mail address. In the event an Owner fails to register a mailing address or an electronic mail address with the Neighborhood Association in accordance herewith, the Neighborhood Association shall send all notices, statements, demands, etc., to such Owner at the address of the Lot.

All notices, demands, or other notices intended to be served upon the Board or the Neighborhood Association shall be sent by certified mail, postage prepaid, to the Aldea de Santa Fe Neighborhood Association, Inc., c/o Arthur Fields, P.O. Box 1983, Santa Fe, New Mexico, 87504-1983, until such address is changed by a notice of address change duly filed with the New Mexico Public Regulation Commission. All notices, demands,

statements or other information shall be deemed furnished and delivered to an Owner, Mortgagee or person other than the Neighborhood Association upon deposit thereof in the U.S. mail or courier service, postage or charges prepaid, addressed to the party in accordance with this subparagraph, and in any event, upon actual receipt by such party.

ARTICLE 10: CONTRACTS, SIGNATORIES, ETC.

10.1 CONTRACTS.

The Board may authorize any officer or officers, agent or agents of the Neighborhood Association, in addition to the officer so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Neighborhood Association. Such authority shall be confined to specific instances.

10.2 CHECKS AND DRAFTS, ETC.

All checks, drafts, other orders for the payment of money, notes or other evidence of indebtedness issued in the name of the Neighborhood Association shall be signed by such officer or officers, agent or agents of the Neighborhood Association and in such manner as from time to time shall be determined by written resolution of the Board.

10.3 DEPOSITS.

All funds of the Neighborhood Association shall be deposited from time to time to the credit of the Neighborhood Association in such banks, financial institutions or other depositories as the Board may select.

10.4 GIFTS.

The Board may accept on behalf of the Neighborhood Association any contributions, gifts, bequests or devises for the general purposes or for any specific purpose of the Neighborhood Association.

ARTICLE 11: BOOKS, RECORDS, AND INSPECTION THEREOF

11.1 MAINTENANCE.

The Neighborhood Association shall keep correct and complete books and records of account and shall also keep minutes of the meetings of the Members of the Neighborhood Association, and of the Board, and shall keep at the registered or principal office a record giving the names and addresses of all Members of the Neighborhood Association. All books and records of the Neighborhood Association shall be open for inspection by any Owner or holder of a bona fide lien of record against any Lot, or any representative of either, duly authorized in writing, at such reasonable time or times as may be requested by such Owner, lien holder, or representative.

ARTICLE 12: FISCAL YEAR

12.1 FISCAL YEAR.

The fiscal year of the Neighborhood Association shall end on the 31st day of December of each year, unless another fiscal year shall be adopted by resolution of the Board.

ARTICLE 13: WAIVER OF NOTICE

13.1 WAIVER.

Whenever any notice whatever is required to be given under the provisions of the laws of the State of New Mexico or under the provisions of the Neighborhood Declaration, Articles of Incorporation or these Bylaws, as each may be amended from time to time, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE 14: ASSESSMENTS

14.1 LIABILITY OF OWNERS.

As more fully provided in the Neighborhood Declaration, each Member is obligated to pay to the Neighborhood Association annual and special Assessments, which are secured by a continuing lien upon the Lot against which the Assessment is made. Any Assessment which is not paid when due shall be deemed to be delinquent upon the expiration of fifteen (15) days after written notice is provided by the Neighborhood Association to the Owner. If the Assessment is not paid within thirty (30) days after the due date, a late fee as established by the Board shall apply and the Assessment shall bear interest from the due date at the rate of ten percent (10%) per annum above the prime rate reported in the Wall Street Journal.

The Neighborhood Association may bring legal action against the Owner personally obligated to pay a delinquent Assessment and foreclose the lien against the pertinent Lot, and interest, costs and reasonable attorneys' fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for therein by non-use of the Commons or abandonment of his/her Lot. A suit to recover a money judgment for delinquent Assessments shall be maintainable without foreclosing or waiving the lien securing the same. All of the above shall be done in compliance with the requirements set forth in the Neighborhood Declaration.

ARTICLE 15: CORPORATE SEAL

15.1 CORPORATE SEAL.

The Neighborhood Association shall have no corporate seal. The absence of a
Exhibit C, Page 16

seal from any documents to be executed in behalf of said Neighborhood Association shall not affect the validity of such documents.

ARTICLE 16: CHARACTER OF ASSOCIATION

16.1 NON-PROFIT ASSOCIATION.

This Neighborhood Association is not organized for profit. No Member, member of the Board, officer or person shall receive any pecuniary gain from the operation of the Neighborhood Association, and in no event shall any part of the funds or assets of the Neighborhood Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any Member, member of the Board of Directors or officer; provided, however, always (i) that reasonable compensation may be paid to any Member, manager, director or officer while acting as an agent or employee of the Neighborhood Association for services rendered in effecting one or more of the purposes of the Neighborhood Association, and (ii) that any Member, manager, director or officer may, from time to time, be reimbursed for actual and reasonable expenses incurred in connection with the administration of the affairs of the Neighborhood Association.

ARTICLE 17: AMENDMENTS TO BYLAWS

17.1 FOUNDER CONTROL; BYLAWS.

The Founder reserves the exclusive right to amend these Bylaws until sixty (60) days after construction of seventy-five percent (75%) of the Residential Units indicated by the Master Development Plan has been completed and such constructed Residential Units have been conveyed to Owners other than the Founder. The Founder may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of the Control Period, in which case the Founder reserves the right to record an instrument specifying that, until the time Founder would have been required to end control of the Board, certain actions of the Board must be approved by the Founder before they become effective. Then these Bylaws may be amended by the Members of the Neighborhood Association at a duly constituted meeting for such purpose, but no amendment shall take effect unless approved by Members having at least sixty-seven percent (67%) of the Voting Power of the Neighborhood Association.

CERTIFICATE

We, the undersigned, President and Secretary of Aldea de Santa Fe Homeowners Association, Inc., a nonprofit corporation organized and existing under and by virtue of the laws of the State of New Mexico (the "Corporation"), do hereby certify that the above and foregoing Bylaws were duly adopted as the Bylaws of the Corporation pursuant to action taken by the Board of Directors of the Corporation as of the 10th, day of October, 2002, and that the same do constitute the Bylaws of the Corporation.

(This space intentionally left blank.)

IN WITNESS WHEREOF, the undersigned Managing Member and Village Founder of Aldea, LLC and the undersigned officers of the Neighborhood Association have hereunto set their hands and seals this 10th day of October, 2002.

Aldea, LLC,
a New Mexico limited liability company

By: Arthur Fields
Arthur Fields, Managing Member/Village Founder

Aldea de Santa Fe Homeowners Association, Inc.,
a New Mexico non-profit corporation

By: Arthur Fields
Arthur Fields, President

By: Brenda Valley
Brenda Valley, Secretary

STATE OF NEW MEXICO

COUNTY OF SANTA FE

This instrument was acknowledged before me this 10th day of October, 2002, by Arthur Fields, Managing Member and Village Founder of Aldea, LLC, a New Mexico limited liability company and President of Aldea de Santa Fe Homeowners Association, Inc., a New Mexico non-profit corporation, and Brenda Valley, Secretary, of Aldea de Santa Fe Homeowners Association, Inc., a New Mexico non-profit corporation, on behalf of said company and corporation.

John J. [Signature]
Notary Public

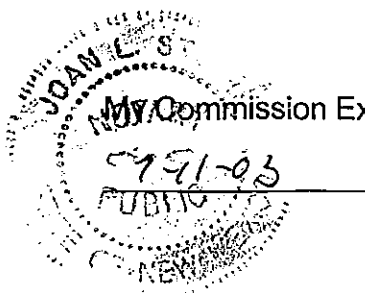


EXHIBIT D TO NEIGHBORHOOD DECLARATION

2233374

WATER RESTRICTIVE COVENANTS

The following water restrictive covenants shall apply to the use and occupancy of all residential lots subject to this Declaration.

(A) Domestic water use is restricted to .25 acre-feet per year (81,462 gallons per year) as required by the Santa Fe County Land Development Code.

(B) Water conserving appliances and fixtures shall be installed and used at the time of construction or replacement.

(C) Toilets shall use no more than 1.6 gallons per flush.

(D) Faucet flows shall not exceed 2.5 gallons per minute. Shower head flows shall not exceed 2.5 gallons per minute.

(E) Hot water pipes shall be insulated.

(F) Evaporative coolers must circulate bleed-off water.

(G) Dishwashers shall use no more than 13 gallons per cycle and shall have a cycle adjustment which allows reduced amounts of water to be used for reduced loads.

(H) Washing machines shall use no more than 43 gallons per cycle and shall have a cycle or water level adjustment which permits reduced amounts of water to be used for reduced loads.

(I) Low water use landscaping techniques applying the principles of xeriscaping shall be utilized. Drip irrigation and mulching are encouraged whenever possible. Low water use grasses, trees and shrubs may be watered as needed during the first and second years of their growth to become established. Thereafter, such vegetation shall receive only minimal water as needed by each species.

(J) Lawns of non-native grasses shall not exceed 900 square feet per parcel and shall only be watered with rain water collected by means confined to the property or with recycled household gray water. Gray water systems shall meet the requirements of the New Mexico Environment Department and the Uniform Plumbing Code.

(K) Swimming pools, of a permanent or temporary nature, are not permitted on residential lots. Temporary wading pools of a diameter not to exceed eight feet and a depth not to exceed one foot and covered spas are acceptable at each dwelling (residential) unit.

(L) There shall be no wells.

(M) Enforcement of these covenants and restrictions shall be by the County Land Use Administrator or any owner of property subject to this Declaration in any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction or to restrain any such violation. Any failure by the County Land Use Administrator or any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. If the County Land Use Administrator or an owner prevails in any action against any person or persons to enforce any provision hereof, they shall be entitled to recover from such person or persons his costs and reasonable attorneys fees.