

BYLAWS
OF
MADRID ASSOCIATION, INC.

The affairs of the Madrid Association, Inc. shall be administered and regulated by the following bylaws, to-wit:

ARTICLE I. DEFINITIONS

"Association" means the Madrid Association, Inc., a non-profit corporation organized and existing under the laws of the State of New Mexico.

"Covenants and restrictions" means those covenants and restrictions declared by Albuquerque and Cerrillos Coal Company to apply to all lands within Madrid, same being recorded at Book 321 at Pages 352-363, records of the Office of the Santa Fe County Clerk. [Recording date: April 28, 1975; document #374314]

ARTICLE II. NON-PROFIT CORPORATION

The association does not and will not afford pecuniary gain, incidentally or otherwise, to its members; it shall not issue any capital stock. The Association shall have such powers as are now or may be hereafter granted by the laws of the State of New Mexico, to non-profit associations.

ARTICLE III. OFFICES

The Association shall have and continuously maintain a registered office in the townsite of Madrid, New Mexico, and the registered agent for service of process shall be in care of

The Association may have such other offices as the Members by resolution may from time to time determine.

ARTICLE IV. MEMBERSHIP

Section 1. Eligibility. The members of the Association are determined by Article V of its Articles of Incorporation.

Section 2. Rights, obligations and privileges. Each member is entitled to the use and enjoyment of the Association property and community facilities in accordance with the Articles of Incorporation, these Bylaws, the covenants and restrictions and any rules and regulations adopted by the Association. Such rights may be delegated to and exercised by all members of his family who reside upon the property, any of his tenants and the guests of any thereof.

Section 3. Termination of Membership. In case any regular member of the Association ceases to be an owner of any lot or parcel of real estate in Madrid, the membership of such person shall terminate as of the time such person ceases to be an owner, and the new owner shall become a regular member of the Association. In case one of the joint owners of a group accorded membership as a group pursuant to Article V of the Articles shall cease to be a joint owner, then such person shall cease to be a member of the group accorded a membership, but the remaining members or member of such group shall continue to be accorded a membership.

The termination of any membership shall not relieve such ex-member of the obligation to pay any assessments or other charges heretofore accrued and unpaid.

Section 4. Transfer of membership. Membership in this Association is not transferable or assignable except as provided in Section 1 of Article V of the Articles of Incorporation. [Amended June 8, 2009 to provide also that anyone whose membership dues are in arrears temporarily lose their right to vote until dues are paid up. Recorded at Santa Fe County Clerk's Office June 19, 2009 as instrument #1567547.]

Section 5. Voting Rights. Voting rights of the members are determined by Section 2 of Article V of the Articles of Incorporation. Any or all of the owners may be present at any meeting of the members.

ARTICLE V. MEETINGS OF MEMBERS

Section 1. Quarterly meetings. The members shall have quarterly meetings each year, said meetings to be held at Madrid, County of Santa Fe, New Mexico, at 2:00 p.m. on the first Saturday following the Equinoxes and Solstices of each year. or at such other reasonable time (not more than thirty (30) days before or after the aforesaid dates) as may be designated by written notice of the Board of Advisors delivered to the members not later than ten (10) days prior to the date fixed for such meeting.

Section 2. Special meetings. Special meetings of the members of the Association may be called by written notice at the request of the Chairperson and one member of the Board of Advisors, or by members having not less than one-tenth (1/10) of the total votes.

Section 3. Notices. Notices of meetings shall be given to the members by the Secretary. Notice may be given to the members either personally, or by mailing a copy of the notice, postage prepaid, to the address appearing on the books of the Association. (Each member shall register his address and any change of address with the Secretary.) Notice of any meeting, regular or special, shall be given or mailed not less than ten nor more than fifty days in advance of the meeting and shall set forth the date, time, and place of such meeting, and the matters to be considered; provided, however, that all special meetings shall be held at Madrid, New Mexico.

Section 4. Quorum. At any membership meeting the presence of members holding twenty percent (20%) of the total membership shall constitute a quorum for the transaction of business. A quorum, once attained at a meeting, shall be deemed to continue until adjournment. If a quorum is present, the vote of a majority of the members present at the meeting shall be the act of the membership, unless the vote of a greater number is required by the Articles of Incorporation or these Bylaws. However, should a quorum not be present, a lesser number may adjourn the meeting to some future time, not more than seven days later. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

[Amended May 7, 1988 to reduce the quorum to 15% of the membership.]

Section 5. Proxies. Voting by proxy shall not be permitted.

Section 6. Voting by mail. In the event the agenda for a meeting of the members is definitely known in advance of such meeting, the Secretary shall send to each member a copy of such agenda together with the notices of said meeting. Any member who is not present and voting at such meeting may cast his or her vote on all matters on the agenda by mailing such vote to the Secretary, Post office Box 37, Madrid, New Mexico, provided, however, that such vote must be received at the aforementioned address no later than two days prior to the meeting. All votes validly cast by mail shall be counted in the same manner and shall have the same effect as votes cast in person by members present at the meeting. Members casting their votes by mail shall not be counted for the purpose of determining whether there is a quorum present at the meeting of the members as set forth in Article V, Section 4 of these Bylaws.

ARTICLE VI. BOARD OF ADVISORS

Section 1. Number, tenure and qualifications. The number of Advisors shall be nine (9), all of whom are members or are parties to a group accorded membership in the Association. One Advisor shall automatically be the president of Albuquerque and Cerrillos Coal Company, Inc., or his representative. Two Advisors shall automatically be the Secretary and the Treasurer of the Association. The remaining Advisors shall be selected in accordance with Section 2 of this Article VI by the members at the summer quarterly meeting for a term of one year. An Advisor shall be eligible for reselection at the expiration of his term of office.

Section 2. Manner of selection. The Board of Advisors shall be selected in the following manner. The Chairperson shall accept only nominations for the Board of Advisors which are advanced by a member nominating himself or herself as an Advisor. If the number of nominations so accepted does not exceed the number of Advisors to be selected, then and in that event those members so nominated shall be deemed to be duly selected and qualified as Advisors. If the number of nominations so accepted exceeds the number of Advisors to be selected, then and in that event the required number of Advisors shall be elected by the members from the accepted nominations.

Section 3. Regular Meetings. Regular quarterly meetings of the Board of Advisors shall be held as soon as possible and in any event within four weeks preceding the quarterly meetings of the Association. The Board of Advisors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than the resolution. Any or all of the members may be present at any meeting of the Board of Advisors.

Section 4. Special meetings. Special meetings of the Board of Advisors may be called by any Advisor and held and conducted in accordance with such regulations as the Board may adopt.

Section 5. Quorum. Four (4) members of the Board of Advisors shall constitute a quorum for the transaction of business at any meetings of the Board. A quorum, once attained at a meeting, shall be deemed to continue until adjournment. If a quorum is present, the vote of a majority of the Advisors present at the meeting shall be the act of the Board of Advisors, unless the vote of a greater number is required by the Articles of Incorporation or these Bylaws. However, should a quorum not be present, a lesser number may adjourn the meeting to some further time, not more than seven days later. At such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 6. Compensation of Advisors. The members of the Board of Advisors shall receive no compensation for their services as Advisors.

Section 7. Powers. The general supervision and management of the Association shall be vested in the Board of Advisors. Subject to the approval of the members by resolution, the Board of Advisors shall have the power:

- (a) to appoint and remove at its pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them security or fidelity bonds as it may deem expedient (nothing contained in these Bylaws shall be construed to prohibit the employment of any member, officer or Advisor of the Association in any capacity whatsoever);
- (b) to establish, levy, assess and collect the annual charges referred to in Section 2 of the covenants and restrictions, and the charges and assessments for the water and sewer system referred to in Article X of these Bylaws; and
- (c) to adopt and publish rules and regulations governing the use of Association property and community facilities, including establishing, levying, assessing and collecting charges to enforce said rules and regulations.

Section 8. Duties. It shall be the duty of the Board of Advisors

- (a) to cause to be kept a full, true and accurate record of its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when requested in writing by one-tenth (1/10) of the full membership;

- (b) to supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) subject to the approval of the members by resolution and in accordance with the covenants and restrictions
- (i) to fix the amount of the annual charge against each lot or parcel of real estate as soon as may be practicable after the beginning of each calendar year and in any event before March 1st;
- (ii) to prepare a roster of the properties and annual charges applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member; and
- (iii) to send written notice of each assessment to every owner subject thereto.

Section 9. Vacancies. Any vacancy in the Board of Advisors shall be filled by any member nominating himself or herself to fill the vacancy until the next quarterly meeting of the members. If more than one member so nominates himself or herself, then and in that event such vacancy shall be filled at the next quarterly meeting of the members in accordance with the selection procedures of Section 2 of this Article.

Section 10. Removal.

Any Advisor of the Association may be removed from office, with or without cause, by a vote of not less than two-thirds (2/3) of the members of the Association present at any quarterly meeting, or at any special meeting called, provided that a quorum of the total members shall be present.

ARTICLE VII. OFFICERS

Section 1. Officers. The officers of the Association shall be a Chairperson, Vice-Chairperson, Secretary and Treasurer. The officers shall have the authority and perform the duties prescribed, from time to time, by the members by resolution.

The Chairperson and Vice-Chairperson of the Association shall be selected by the Board of Advisors at its first meeting following the summer quarterly meeting of the members. The Chairperson and Vice-Chairperson shall be chosen from the members of the Board of Advisors.

The Secretary and Treasurer of the Association shall be selected from the members and by the members at their summer quarterly meeting, and having been duly selected and qualified shall automatically be members of the Board of Advisors in accordance with Article VI of these Bylaws.

The officers shall be selected in accordance with Section 2 of this Article, and shall hold office for a term of one year.

Section 2. Manner of selection. The Chairperson and Vice-Chairperson shall be selected by the Board of Advisors in the following manner. The Board of Advisors shall elect a

temporary Chairperson from its members who shall then only accept nominations for Chairperson advanced by an Advisor nominating himself or herself to serve as Chairperson. If no more than one nomination is so accepted, then and in that event, that person so nominated shall be deemed duly selected and qualified as Chairperson. If more than one nomination is so accepted, then and in that event, the Chairperson will be elected by the members of the Board of Advisors from the accepted nominations.

The Board of Advisors will follow the same procedure for selecting the Vice-Chairperson.

The Secretary and Treasurer shall be selected by the members in the following manner. The Chairperson shall accept only nominations for Secretary which are advanced by a member nominating himself or herself to serve as Secretary. If no more than one nomination is so accepted, then and in that event, the Secretary shall be elected by the members from the accepted nominations. The members will follow the same procedure for selecting the Treasurer.

Section 3. Removal. Subject to the approval of the members by resolution, any officer may be removed from office, with or without cause, by the Board of Advisors. In addition, the Secretary or the Treasurer may be removed from office, with or without cause, by a vote of not less than two-thirds (2/3) of the members of the Association present at any quarterly meeting, or at any special meeting called, provided that a quorum of the total members be present.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Advisors for the unexpired portion of the term.

Section 5. Qualification. Every officer must be a member of the Association.

Section 6. Compensation. The Chairperson and Vice-Chairperson shall receive no compensation for their services. The Secretary and Treasurer may be compensated for their services at a rate determined at any regular or special meeting of the members of the Association.

Section 7. Chairperson. The Chairperson shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The Chairperson shall preside at all meetings of the members and the Board of Advisors. The Chairperson shall sign with the Treasurer of the Association any deeds, mortgages, bonds, contracts or other instruments which the membership has authorized and directed to be executed, except in cases where the execution thereof shall be expressly delegated by the membership, or these Bylaws to some other officer or agent of the Association. The Chairperson shall be an ex-officio member of all standing committees; and in general the Chairperson shall perform all duties incident to the office of Chairperson and such other duties as may be prescribed by the membership from time to time.

Section 8. Vice-Chairperson. In the absence of the Chairperson or in the event of his inability to act, the Vice-Chairperson shall assume all the duties and obligations of the Chairperson; provided, however, that in the event of a vacancy in the office of Chairperson, the Board of Advisors may elect from among themselves a new Chairperson to fill the unexpired portion of the Chairperson's term.

Section 9. Secretary. The Secretary of the Association shall keep the minutes of the meetings of the members and of the Board of Advisors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws; or as provided by law; be custodian of the Association's records and of the seal of the Association and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post office address of each member which shall be furnished to the Secretary-Treasurer by each member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the Board of Advisors.

Section 10. Treasurer. The Treasurer of the Association shall have charge and custody of and be responsible for the financial records and all funds and securities of the Association; receive and give receipts for all monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, financial institutions, or other depositories as shall be selected in accordance with the provisions of Article VIII of these Bylaws; and in general perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the membership or the Board of Advisors.

The Treasurer shall make a report annually, or more often if requested by the Board of Advisors, of the business transacted by him/her and by the Association.

The Treasurer may be covered by a bond for the faithful discharge of his/her duties in a sum and with such surety or sureties as the Board of Advisors shall determine. The premium for such bond shall be paid by the Association.

ARTICLE VIII. CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts. Subject to the approval of the membership by resolution, the Board of Advisors may authorize an officer or officers, agent or agents of the 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 Association.

Section 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 Association, shall be signed by such officer or

officers, agent or agents of the Association, in such manner as from time to time shall be determined by written resolution of the membership.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, financial institutions or other depositories as the Board of Advisors may select and the members may approve by resolution.

Section 4. Gifts. Subject to the approval of the membership by resolution, the Board of Advisors may accept on behalf of the Association any contributions, gifts, bequests or devises for the general purpose or for any specific purpose of the Association.

Section 5. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issue in its name unless authorized by written resolution of the membership.

ARTICLE IX. INDEMNIFICATION

Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was an Advisor or officer of the Association shall be indemnified by the Association against any and all liability and the reasonable expenses, including attorneys' fees and disbursements incurred by him or her (or by his or heirs, executors or administrators) in connection with the defense or settlement of such action, suit or proceeding, or in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Advisor or officer is liable for negligence or misconduct in the performance of his or her duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Advisor or officer (or such heirs, executors or administrators) may be entitled apart from this Article.

ARTICLE X. WATER AND SEWER SYSTEM

Section 1. Definition of Service Connections. As used in these Bylaws, a service connection shall mean any direct or indirect connection between a member's lot or parcel of real estate and the Association's water or sewer system. A service connection shall also mean the use of the Association's waters from its water system only for a single family and only for household and domestic use, not to exceed an annual consumption to be determined from time to time by the Board of Advisors and approved by the members by resolution.

Water shall not be delivered by the system of the Association nor sewer provided except to users who are members of the Association. Members shall be entitled to only one service connection per lot or parcel of real estate which they own, subject to the capacity of the Association's system to supply existing service connections.

Section 2. Existing Service Connections. Each member who, as of the effective date of these Bylaws, has an existing service connection with the Association's water and sewer system shall file a statement with the Board of Advisors in a form to be prescribed by the Board which statement shall contain:

- 1) a legal description of the lot or parcel which has the existing service connection and the name of the owner thereof;
- 2) a description of the use to which water from the existing service connection has been and will be applied.

Upon the filing of each such statement, the Board shall issue a certification to the member to use the existing service connection and the waters from the Association's system in accordance with Section 1 of this Article.

Section 3. New Service Connections. Any member who, as of the effective date of these Bylaws, does not have an existing service connection with the Association's water and sewer system may make application to obtain such service connection. The application shall contain:

- 1) a legal description of the lot or parcel to which a service connection is intended to be made and the name of the owner thereof;
- 2) a description of the use to which water from the service connection will be applied.

Upon filing such application, the Board shall issue a permit for a service connection for said lot or parcel only if it finds that the proposed service connection will not impair the capacity of the Association's system to supply existing service connections.

Section 4. Restrictions on delivery of water. If any member needs and desires the delivery of water from a single service connection in excess of the quantity authorized in Section 1 of this article, such excess water shall be delivered only upon the following conditions:

- 1) application to and approval by the Board of Advisors and the members;
- 2) installation at the member's expense, of an appropriate meter on the service connection for accurately measuring consumption; and
- 3) payment when due of all sums assessed under these Bylaws for the delivery of water in excess of the quantity authorized in Section 1.

No delivery of water from a single service connection in excess of the quantity authorized in Section 1 shall be approved or made pursuant to this section when the full capacity of the Association's system is needed to supply the existing connections.

Section 5. Water and sewer charges. The Board of Advisors shall establish the charges for water and sewer service for each service connection, including the charges for the delivery of water from a single service connection in excess of the quantity authorized in Section 1 and approved and made pursuant to section 4. The Board of Advisors shall have the power to re-examine and adjust the charges pursuant to any regulations it adopts concerning the determination of water and sewer charges. The aforesaid charges for water and sewer service shall be assessed only against members who have service connections.

Section 6. Assessments.

If at any time within ninety (90) days prior to the end of any fiscal year, it appears in the judgment of the Board of Advisors that the amount derived or which will be derived from the collection of water and sewer charges during any fiscal year will be insufficient to pay when due all costs incident to the operation of the Association's system and the payment of all debts of the Association, the Board shall make and levy an assessment against each member of the Association who has a service connection so that the total amount reasonably expected to be collected from water and sewer charges to fully pay when due all costs of operations, maintenance, replacement and repayments on indebtedness, or other expenses for the year's operation. The aforesaid assessments shall be assessed only against members who have service connections.

Section 7. Deposits. The Board of Advisors may, with the approval of the membership, require a deposit for each service connection, the amount of said deposit to be determined from time to time by the Board of Advisors. The Board of Advisors shall provide for the terms and conditions under which such deposits shall be used, applied and returned.

ARTICLE XI. ASSESSMENTS AND CHARGES

Section 1. Claim of Lien for Unpaid Assessments.

The payment of all sums assessed pursuant to Article X of these Bylaws, but remaining unpaid for a period of thirty days after billing together with interest thereon at the rate of twelve percent (12%) per annum and any costs of collection, may be secured by a lien in favor of the Association on such real estate which provides the basis for membership in the Association. Such lien shall be superior to all other liens and encumbrances on such real estate except for:

- (a) Valid tax and special assessment liens on the real estate in favor of any governmental assessing authority; and
- (b) Liens based on any mortgage or valid judgment, or valid statutory or common law liens duly recorded in the Santa Fe County, New Mexico real estate records prior to the time the lien of the Association is recorded.

To evidence the lien for unpaid assessments, the Association shall prepare a written claim of lien setting forth the amount of the assessment, the amount remaining unpaid, the name of the owner(s) of the real estate, and a description of the real estate. Such claims of lien shall be signed by the Chairperson of the Association and shall be recorded in the office of the County Clerk of Santa Fe County, New Mexico. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in New Mexico by commencing an action within ninety days of filing the claim of lien and in no event later than one hundred and eighty days. In any such foreclosure the member shall be required to pay the costs and expenses of such proceedings, including the costs and expenses of filing the claim of lien and all attorney's fees. All such costs and expenses shall be secured by the lien being foreclosed. The member shall also be required to pay to the Association any charges or assessments against the membership which shall become due during the period of foreclosure. The

Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, and convey, lease, rent, encumber, use and otherwise deal with the real estate as the member of the Association and owner thereof.

A release of claim of lien shall be executed by the Association and recorded in the Santa Fe County, New Mexico real estate records, upon payment of all sums secured by a lien which has been made the subject of a recorded claim of lien and the payment of the costs of collection, including an attorney's fee.

Any encumbrancer holding a lien on the real estate which is the basis for membership in the Association may pay, but is not required to pay, any amount secured by the lien created by this Section and upon such payment ssuch encumbrancer shall be subrogated to all rights of the Association with respect to such lien, including priority.

Upon the filing of a lien as provided herein, the Association may report to any encumbrancer of the real estate which is the basis for membership in the Association that said lien has been filed, provided, however, that such encumbrancer first shall have furnished to the Association written notice of such encumbrance and shall have requested a report on the status of the real estate. The fee charged to the encumbrancer for such report shall be \$10.00.

In the event any member desires to pay the sums assessed to a membership pursuant to this Article at a date more than thirty (30) days after billing, but before the Association has filed the lien provided in this Article, and thereby avoid the filing of said lien, said member must pay all sums assessed to the membership together with interest thereon at the rate of twelve percent (12%) per annum and all costs of collection including attorneys' fees.

Section 2. Personal obligation of owner. The amount of any water charges or special assessment or charge against any member of the Association shall be the personal obligation of the member. In addition to the other remedies for the collection of delinquent accounts provided to the Association in this article, the Association may maintain an action to recover a money judgment for such personal obligation without waiving the lien securing same. No member may avoid or diminish such personal obligation by waiver of the use of his water. In the event the Association commences an action under this section, it may recover costs thereon including an attorney's fee.

Section 3. Personal liability of purchaser for assessments.

The purchaser of a membership or of the real estate on which a membership is based shall be jointly and severally liable with the seller for all unpaid assessments against the membership up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the seller the amount paid by the purchaser for such assessment.

ARTICLE XII. BOOKS AND RECORDS

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its voting members and the Board of Advisors, and shall keep at the registered or principal office a record giving the names and addresses of all individuals and groups accorded membership. All books and records of the Association shall be open for inspection by any owner of, or holder of a bona fide lien of record against any real estate, upon which membership in the Association is based, or any representative of either, duly authorized in writing, at such reasonable time or times as may be requested by the owner.

ARTICLE XIII. FISCAL YEAR

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

ARTICLE XIV. SEAL

The membership shall provide a seal which shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words "Corporate Seal of New Mexico".

ARTICLE XV. WAIVER OF NOTICE

Whenever any notice whatsoever is required to be given under the provisions of the laws of the State of New Mexico or under the provisions of the Articles of Incorporation or by these Bylaws, 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 XVI. AMENDMENT TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority of the members present at any meeting at which a quorum is present.