



PROPERTY OWNER HANDBOOK

PENDARIES VILLAGE COMMUNITY ASSOCIATION

ROCIADA, NEW MEXICO

Updated October 15, 2019

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INTRODUCTION

This handbook is intended to be a resource introduction to the Pendaries Village Community for all property owners and prospective owners. Contained herein are the formal documents that guide PVCA's operation (covenants, by-laws, standing orders, golf operation, building guidelines, dog management) as well as information on life in and around Pendaries.

HISTORY OF PENDARIES VALLEY

The lovely Pendaries Valley, nestled in the shadow of the Sangre de Cristo Mountains, is one of the last spectacularly beautiful unspoiled areas left in northern New Mexico for recreation and retirement.

Jean Pendaries, for whom Pendaries Village is named, immigrated to the United States in 1856. He lived in Kansas, Missouri and Taos, New Mexico before purchasing the Victorian Las Vegas Hotel in 1864. In 1868 he began purchasing land out of the Mora Grant, an early Spanish land grant, to form a large sheep and cattle ranch near the villages of Lower Rociada and Upper Rociada. He named his home Gascon to commemorate his birthplace of Gascony, France.

With the expansion of his ranching operation, Jean Pendaries built a grist mill in 1876 and established a post office to serve the ranches and villages in the area. The mill is listed on the National Register of Historic Places as well as the State Historic Register. The mill and the original post office building can be seen today south of the paved road that links Pendaries East and Pendaries West.

The youngest daughter of Jean Pendaries, Marquerite, married Jose Albino Baca II, the son of a prominent Las Vegas family. They built a home near the present-day entryway to Pendaries Village. That home, sadly, burned in 1963, but still remaining are the original silo and stables, which are now part of the adjacent Totem Ranch. After Jean Pendaries' death, the ranch passed to the Bacas and became the Baca Ranch. Reminiscences of life on the Baca Ranch are charmingly recounted in *Behind the Mountain*, written by Pulitzer Prize-winning author, Oliver LaFarge, who was married to one of the Baca daughters, Consuela.

Jose Baca died prematurely in 1924 while he was serving as Lieutenant Governor of New Mexico. After his death Marquerite moved to Santa Fe and served two terms as Secretary of State. The family eventually sold the ranch in 1935. After the succession of owners, C.D. (Toad) Leon purchased the ranch in the 1950s.

HISTORY OF PENDARIES VILLAGE

Pendaries Village has evolved from the purchase of the Baca Ranch by Toad Leon. Toad and his wife, Donna, restored the old Baca home and used it until it was destroyed by fire. He also restored the grist mill and the post office building, which he transformed into a restaurant and a bar, which he called the Moosehead Saloon and outfitted with a moose from one of his hunting trips and a vintage bar brought from Abilene, Texas.

Toad was an avid golfer. Early on he laid out a three-hole golf course for his own entertainment and that of his friends who visited the ranch. Eventually some of his friends persuaded him to sell lots that they could build vacation homes on. From that early beginning the community has developed into its present organization, a "C" corporation, with all property owners being shareholders in ownership of the common areas and facilities: an 18-hole golf course, driving range, lodge, restaurant, saloon, roads, water system and other amenities.

In 1972, the Pendaries Chapel was built through the generous donation of time and money by Pendaries property owners and friends. A plaque on the front of the building lists the names of the donors. Al Packard,

one of the donors, was a friend of Toad Leon. Toad visited Al at his store in Santa Fe (Packard's) and asked him to make a donation for the chapel building fund. Al, being a conservative man, hesitated. Toad noticed a church bell in the store and said, "Why not give that bell." Al donated the bell, which is still in use today.

ORGANIZATION OF PENDARIES VILLAGE COMMUNITY ASSOCIATION

The Pendaries Village Community Association (PVCA) was formed under that name in 1980. The purpose of PVCA is to enforce the Uniform Protective Covenants, by-laws, standing orders and to operate the resort facilities and homeowner services through sound business practices and fiscal responsibility.

PVCA Board of Directors. Directors are elected by mail ballot and results are announced at the annual meeting held the third Saturday of August. Property owners are notified of the annual meeting between fifteen and sixty days in advance. The number of Director vacancies are included in the notice. The PVCA By-Laws require that the Board of Directors be composed of at least five members, each serving a three year term.

Voting. Property owners are eligible to vote if all assessments have been paid. Property owners are entitled to one vote for each lot owned and one additional vote for a residence on said property.

Property owners may nominate other property owners or themselves for PVCA Board vacancies. Candidates must also be candidates for the Pendaries Village Mutual Domestic Water Consumers Association Board. Vacancies occurring during the year are filled by a majority vote of the remaining Directors.

The Board of Directors and the General Manager are responsible for the following functions: Administration of the Covenants, Architectural and Environmental Committee, Administration, Finance, Food and Beverage Services, Golf Course, including the irrigation water system, Lodge, Maintenance, Personnel, Safety and ad hoc advisory committees as necessary.

General Manager. The General Manager is responsible for all PVCA operations, i.e., collecting assessments, filing liens, instigating foreclosures, payroll preparation, providing comprehensive public liability insurance coverage, taking minutes at Board of Directors and Annual meetings, maintaining all PVCA records, acting as an information center for homeowners and guests, information dissemination to property owners through newsletters and notices, supervising PVCA employees and recommending the annual budget.

Finance. The General Manager is responsible for ensuring PVCA meets all of its fiduciary responsibilities.

Income is derived from annual property assessments, golf fees and dues, lodge and condo rentals, real estate sales, food and liquor service and special assessments as necessary.

The Protective Covenants require adoption of an annual budget and determination of the amount of assessments prior to the commencement of each fiscal year.

An annual review is made of PVCA's financial records by a Certified Public Accountant.

Assessments are due November 1, the beginning of the PVCA fiscal year.

The Board of Directors may decrease, but not increase assessments by more than fifteen percent (15%) over the previous annual assessment without approval of the property owners.

In any fiscal year, the Board of Directors has the authority to levy an Emergency or Special Assessment up to \$1000 per lot per year. An Emergency or Special Assessment exceeding the \$1000 limit cannot be executed without a majority vote of members.

Pendaries Golf Course. The Director of Golf reports to the General Manager. Responsibilities include promoting, managing and supervising the golf course and its maintenance, including the irrigation system, the Golf Shop and staff, assisting at golf tournaments and marshaling golf course usage.

Lodge. The Desk Manager is responsible for supervising Lodge operations and scheduling house rentals. These facilities are used by golf package guests, vacationers, family reunions, weddings, business retreats and seminars. The Desk Manager reports to the General Manager.

Maintenance. The Director of Maintenance insures the maintenance of all roads, common areas, buildings and facilities owned and operated by PVCA, PVMD water system, trash collection and vehicles/equipment.

Architectural and Environmental Committee. This three member committee is a standing committee authorized by the PVCA Covenants. This committee regulates and approves all aspects of construction in Pendaries Village. Property owners must apply for approval before construction or remodeling begins.

Property owners must obtain a Statement of Compliance from the General Manager's office and submit plans and specifications for the construction or remodeling of a house to the PVCA office. Construction cannot begin until the A & E Committee has approved the plans and conducted a site inspection.

Audit Committee. The Audit Committee is one of two Standing Committees required in accordance with PVCA Covenants. The mission of the Audit Committee is to serve as advisors to the Board of Directors and the General Manager on matters pertaining to the financial affairs of Pendaries Village. The Committee's work is to be considered confidential with opinions and decisions delivered only to the Board and General Manager. The Committee will not render any reports to other committees, members or at the Annual Meeting. Members are appointed by the Board of Directors.

Chapel. The non-denominational chapel is available for personal use or rental for private functions. Contact the PVCA office for details.

Contributions for memorials will be accepted by the Chapel Memorial Committee. A commemorative plaque may be requested or the contribution may be used for the beautification of the Chapel and grounds. The plaques are displayed in the chapel. For additional information, contact the PVCA office or a member of the Chapel Memorial Committee.

Community Center. The Community Center is used for authorized PVCA sanctioned activities. It is also available for rental. Please contact the PVCA office for details.

Meetings. The annual PVCA meeting, an informational meeting, is held the third Saturday of August. Property owners are encouraged to attend and participate. This is not a meeting of the Board of Directors and no business is transacted.

PVCA Board of Directors meetings are held monthly. Residents may comment on issues prior to the start of the meeting and on issues brought forward by the Board or staff at the conclusion of the meeting.

Town Hall meetings are hosted monthly by the Board President to provide an informal venue for property owners to express opinions or ask questions on any matter except personnel and legal issues. These meetings may have a focused topic of broad interest or guest speakers.

Newsletter. Nine times a year PVCA publishes *The Mill* newsletter for property owners. Guidelines for submission of items to the newsletter are printed on the back page of each issue.

Security. Homeowners are requested to notify management when they leave for an extended time and when they return. Pendaries citizens maintain an active Neighborhood Watch Program.

Volunteer Fire Company. The Sapello-Rociada Volunteer Fire Company is responsible for a 250 mile area, including Pendaries Village. Volunteers are made up of Pendaries homeowners and other residents of the area.

To call in an emergency, dial 911. Describe the emergency, state your name and telephone number, and give the location of the emergency (i.e., Pendaries Village, street name and 911 address.) If it is a fire call, ask the dispatcher to page the Sapello-Rociada Volunteer Fire Company.

Volunteer contributions to the Sapello-Rociada Volunteer Fire Company are needed for continued upgrading of equipment and service. Contributions are tax deductible.

Trash. Bagged household garbage is collected by PVCA at street-side every Tuesday, beginning at 9:00 a.m. Bags exceeding forty pounds will not be taken. All property owners are charged a monthly solid waste fee by San Miguel County for the delivery and deposit of PVCA collected garbage into an approved landfill. Construction materials, brush and pine needles will not be picked up by PVCA. Contact Las Vegas Solid Waste Dept., 426-0349 for fee guidelines on their acceptance of such materials taken to Las Vegas.

To discourage bears, please safely store garbage and trash and put trash out only on pick-up days. Cardboard boxes will be picked up if they are broken down. Strewn garbage will not be picked up.

Revised and Approved September 19, 2015

ORGANIZATION OF PENDARIES VILLAGE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

The Pendaries Village Mutual Domestic Water Consumers Association (PVMD) owns and operates the Pendaries Village water system beginning in November, 2012.

PVMD Board of Directors are elected by mail ballot and results are announced at the annual meeting held the third Saturday of August. The number of director vacancies are made known to members prior to the meeting. PVMD By-laws require the Board be composed of five members, each serving a three year term. Members have a single vote for each open position and are eligible to vote if in good standing.

The Board of Directors, through the General Manager, is responsible for operating the domestic water supply system to meet the domestic needs of its members. Members may be asked to restrict domestic water usage during peak use times. The storage tank water level must be maintained for drinking water and fire safety. The domestic water system is not designed to allow for watering lawns.

Report low pressure and leaks in the water line to the PVCA Office.

The PVCA General Manager serves in a like capacity for PVMD.

Activities Available In Pendaries Village

Golfing. Golf facilities include an 18 hole golf course, putting green, driving range with sand traps, Golf Shop and lounge area and snack bar. Golf instructions may be arranged through the Golf Shop.

Golfing memberships are available to property owners and non-residents. Memberships are not transferable to another person. Prospective members must apply for membership in writing and submit the required dues to the PVCA Office.

Golf packages are available to non-residents and include lodging and golf. Group packages are available upon request. The PVCA Lodge office will take reservations for golf packages. Tee times should be made with the Golf Shop.

Certain morning tee times are reserved for those who have paid Pendaries golf dues. A series of golf tournaments are held each year. Contact the Golf Shop for information.

Appendix E contains a complete description of the golf program.

Hiking. There is excellent hiking through Maestas Canyon to meadows, Lost Lake, and the top of the Sangre de Cristo ridge. A more strenuous hike is to Gascon Peak from the end of NM 105. Lone Pine Mesa is an easier, scenic destination. Detailed hiking information is available at the Lodge Office. The Santa Fe National Forest office in Las Vegas is a good source for maps of regional area hikes such as Hermit's Peak and Gallinas River Canyon from Porvenir Campground.

Pendaries Ladies Association. This organization is open to all women in Pendaries Village and surrounding nearby area. The organization sponsors beautification and other improvement projects at Pendaries Village. The PVCA office can furnish information on current officers in the organization.

Pendaries Men's Golf Association. The purpose of the Pendaries Men's Golf Association is to promote and manage men's golf activities for the benefit and fellowship of members and guests. The PMGA will also generate funds to improve and /or enhance the golf course and other common areas in Pendaries. The committee works closely with the Director of Golf in their endeavors.

Pendaries Art League. The Pendaries Art League sponsors an art show and studio tour on the first weekend in July each year.

Community Dinners. Monthly dinners are held in the Restaurant during the winter for Pendaries residents and friends. Contact the office or see *The Mill* for dates.

Bridge. Party Bridge is played every Friday afternoon at the Pendaries Bar. All levels of players welcome. Party Bridge is played every Friday afternoon at the Pendaries Saloon. All levels of players welcome..

Bible Study. The non-denominational Bible study group meets weekly in members' homes. All are welcome. Call the office for information.

Lending Library. The Pendaries Lending Library, located in the Lodge lobby, is open daily, 8:00 to 4:00. There is no charge to borrow from this large selection of books, videos and games.

Mexican Dominos. Mexican Dominos is played every Thursday afternoon at the Pendaries Bar. All players welcome.

Disc Golf. A 9 hole disc golf course (soon to be expanded to 18 holes) is available at the lodge area for use by lodge guests and other enthusiasts.

Pickleball , Basketball, Volleyball, Ping Pong, and Horseshoes are available in the Lodge Office for use by guests and homeowners and their families.

Declarations of Uniform Protective Covenants for Pendaries Village

THIS DECLARATION is made on January 12, 2007 by the owners within Pendaries Village Community Association (“Association”), and all other signators from time to time of that certain document entitled Acceptance of Uniform Protective Covenants in the form attached hereto as EXHIBIT “A” (the “Acceptance Instrument”) herein identified as “Declarants,” “Owner” or “Owners,” as Owners of real property within Subdivision Unit Nos. 1, 2, 3, 4, 4-2, 5, 5-4 and 6, and all of the additional real property located in the area known as “Pendaries Village” near the town of Rociada, San Miguel County, New Mexico, which real property is more particularly described on EXHIBIT “B” attached hereto, as part hereof, hereinafter referred to as the “Subdivision. This declaration includes the stipulated changes agreed to in the case of Slaughter et al. vs. Sappington et al.

[Note: This Declaration supersedes all previous Declarations. Historical copies of these Declarations and a master copy of the 2007 Declaration, with Exhibits, are maintained in the Association office.]

Declarants hereby declare as follows:

1. Purpose. These Covenants (the “Covenants” or “Declarations”) are for the purpose of providing a means for the orderly development, maintenance and improvement of Pendaries Village as a residential and recreational community in order to preserve the natural beauty of the area, to encourage its attractive development and enjoyment, and to secure to each Owner the full benefit of his property. The Declaration supersedes, restates and unifies substantially all forms of restrictions or covenants (the “Prior Restrictions”) previously recorded as to Pendaries Village, including those of Pendaries Village Club and Pendaries Properties, Inc., and specifically covering the lots and common areas subject to this Declaration. All of these Covenants shall run with the land for all purposes, and shall be binding upon and inure to the benefit of Declarants, their respective successors in interest, and Pendaries Village Community Association (the “Association”). *[This paragraph was reworded by Covenant amendment in 2007.]*
2. Applicability. These Covenants shall apply to all of the owners of lots and any real property shown on Exhibit “B” attached hereto, as previously acknowledged by Declarants by their execution of the Acceptance Instrument. These covenants shall not apply to any real property north of Highway #105, and it is intended that Exhibit B not describe any property north of Highway #105.
3. Term. This Declaration shall continue in full force and effect until January 1, 2000, and thereafter for successive 10-year periods, unless revoked within one year prior to the end of any such term by majority vote of all Owners subject thereto, upon recordation in San Miguel County of certificate or affidavit of the Secretary of the Board of Directors of the Association setting forth in full the repeal and certifying that the same has been duly approved. *[This paragraph was reworded by Covenant amendment in 2007.]*
4. Mutuality of Benefit and Obligation. These Covenants are made for the mutual and reciprocal benefit of each and every Owner of a lot in the Subdivision and are intended to create mutual equitable servitudes upon each of said lots in favor of each and all of the said lots and to create reciprocal rights between the respective Owners of all of said lots and to create a privity of contract and estate between the grantees of said lots, their heirs, successors and assigns; and they shall, as to the Owner of each such lot, his heirs, successors or assigns, operate as covenants running with the land for the benefit of each and all of said lots in the Subdivision and their respective Owners.
5. Pendaries Village Community Association.

- (a) Creation of the Association. Concurrent with the recording of these Covenants, the Declarants or their representatives shall create Pendaries Village Community Association, for the purpose of enforcing these Covenants and applicable prior restrictions; for the ownership, maintenance, operations, preservation and improvement of all common areas, and the facilities located thereon, such as neighborhood roads, security systems, water and sewage systems, waste and garbage collection and disposal facilities, lighting, landscaping, recreation facilities, fire protection, community television systems, lodge, restaurant, golf course, guardhouse and chapel; and for the conduct of such other transactions as may be permitted by law.
- (b) Membership. Every person who acquires title, legal or equitable, and which title has been recorded in the Office of the Clerk of San Miguel County, New Mexico, to any lot in the Subdivision shall automatically become a member of the Association and has a right to use Association facilities provided, however, that such membership is not intended to apply to those persons who hold an interest in any lot merely as security for the performance of a deed of trust, contract or other obligation. *[This paragraph was reworded by Covenant amendment in 2007.]*

[Subsection 5(c) was added and the following subsections were renumbered by Covenant amendment in 2007.]

- (c) Voting Rights and Procedures. In all affairs that come before the Association Membership for a vote, the following shall apply:
- (i) Each owner shall automatically be a full member of the Association, entitled to one vote for each lot owned and one additional vote for each lot improved with a dwelling complying with these Covenants. For example, the Owner of three lots with one residence constructed shall have four (4) votes on any issue before the Membership.
 - (ii) Each Owner of a unit of a townhouse or condominium shall be considered to be an Owner of a single improved lot.
 - (iii) Co-Owners or joint owners of lots shall be considered as one Owner, constituting one Membership.
 - (iv) Neither membership nor the right to vote shall be severed or separated from the lot ownership. All rights incident to lot Ownership shall run with the land and shall be included automatically in the sale, transfer or conveyance of any lot.
 - (v) Members shall be current in payment of all assessments against their lot(s) in order for votes associated with such lot(s) to be counted in any election.
 - (vi) All voting shall be by written ballot, which ballot shall be mailed by the Association to the last known address of each lot Owner, at least six (6) weeks prior to any voting deadline.
 - (vii) Except as specifically stated otherwise in these Covenants, all matters that come before the Association Membership for a vote shall be decided by a majority of all votes cast on the subject.
 - (viii) No voting rights shall be associated with any Lots owned by the Association.
- (d) Purposes. The general purpose of the Association shall be to provide for the management and maintenance of all of the common areas and their facilities, and other property that may be acquired by the Association as part of the common areas. *[This paragraph was reworded by Covenant amendment in 2007. Paragraph (d)(ii) in the 2000 Covenants was deleted by Covenant amendment in 2007 and subsequent Paragraphs renumbered.]* The Association shall:
- (i) Maintain, repair, improve, light and beautify the Pendaries Village entrance gateway and guardhouse and ornamental fences and features thereof and of the Subdivision;

- (ii) Maintain, care for, repair, improve lights and beautify the streets, walkways, parks, park strips and other open spaces and planted areas of the Subdivision which are maintained for public use or for the general use of the Owners;
 - (iii) Care for vacant, unimproved and unkept lots in the Subdivision, remove and destroy undesirable plant or animal life or any unsightly or obnoxious things thereon, including uncompleted structures.
 - (iv) Promulgate and enforce all regulations necessary or convenient to govern the entry of persons or vehicles into the Subdivision and to regulate the use and enjoyment of the streets, parks, recreational areas, and public areas of the Subdivision;
 - (v) Obtain and pay the premium upon a policy of comprehensive public liability insurance in a single limit coverage of at least One Million Dollars (\$1,000,000) or such greater amount as the Board of Directors of the Association may determine from time to time; and
 - (vi) Take such other and further steps as may be authorized by its Articles of Incorporation or its By-Laws to facilitate the carrying out of the general purpose set forth above.
- (e) Assessments, Budget and Dues.
- (i) Assessments. In order to pay expenses incurred by the Association in the performance of the obligations set forth above and in the execution of the powers and purposes set forth in Articles of Incorporation and By-Laws or attributable to it by operation of law, the Association shall, prior to the commencement of each fiscal year, adopt a budget for such year and shall determine the amount to be assessed to its members. *[This paragraph was reworded by Covenant amendment in August 2019.]*
 - (ii) The annual assessment for each lot shall be set by the Board, however an Owner shall be allowed to pay the assessment in equal monthly installments commencing in November of each year. Nevertheless, should an Owner fail to pay any monthly assessment for a period in excess of sixty (60) days, then the entire annual assessment amount shall become immediately due and payable. *[This paragraph was reworded by Covenant amendment in August 2019.]*
 - (iii) Change in Assessments. Assessments may be decreased but may not be increased by more than fifteen per cent (15%) over the previous year's regular annual assessments without the vote of a majority of all members voting at a meeting duly called for such purpose. *[This paragraph was added and numbered by Covenant amendment in August 2019.]*
 - (iv) Special Assessments. During each fiscal year, the Association may also levy special assessments for emergency purposes, following the same procedures as for regular assessments described above and pursuant to the By-Laws; provided, that no emergency or special assessment may exceed One Thousand Dollars (\$1000) per lot per year; and, further provided, that no emergency assessments totaling more than One Thousand Dollars (\$1000) for the entire membership may be levied in any given month without a majority vote of the Owners voting at meeting duly called for such purpose at which a quorum is present. *[This paragraph was added and numbered by Covenant amendment in August 2019.]*
- (f) Lien.
- (i) Upon failure of an Owner to pay in full assessments within one hundred and twenty (120) days following written notice of such assessments, mailed to the last known address provided by the Owner to the Association, the Association shall cause a notice of such assessments and a claim of lien created thereby to be recorded in the Office of the County Recorder of San Miguel County, New Mexico. Upon payment of such assessments in full, and costs, the Association shall record in the Office of the County Recorder of San Miguel County, New Mexico, a release or releases of lien with respect to the property for

which payment has been made. *[This paragraph was reworded and renumbered by Covenant amendment in 2007.]*

- (ii) Each Owner, by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, shall bind himself, his heirs, personal representatives and assigns to pay all charges determined and levied upon such lot, including attorneys' fees; and the obligation to pay such charges, interest, and costs thereby constitutes an obligation running with the land. Sale or transfer of any lot shall not affect any lien for charges provided for herein.
- (iii) All liens herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages and deeds of trust. Liens of first mortgages or deeds of trust placed upon any lot for the purpose of construction of a residence or other improvement thereon which are recorded in accordance with the laws of the State of New Mexico, shall be, from the date of recordation of such, superior to any and all such liens provided for herein.

(g) Boards and Committees. The affairs of the Association shall be governed by a Board of Directors (the "Board") composed of at least five (5) persons, all of whom shall be Owners or agents of Owners in good standing. In order to hold the position of Director, a person must be able to be approved by the New Mexico Department of Alcohol and Gaming as an owner of the liquor license of the Association. Failure to obtain such approval shall result in automatic forfeiture of their position of Director. Each Owner shall automatically be a full member of the Association, entitled to one vote for each lot owned and one additional vote for each lot improved with a dwelling complying with these Covenants, provided, no vote shall be counted unless all assessments and dues are currently paid. Neither such membership nor the right to vote may be severed or separated from the lot ownership to which it is appurtenant, but shall be automatically included in any sale, transfer or conveyance of any such lot. All rights, duties and obligations of the Board may be delegated to one or more committees, or provided by contract with one or more managers. Notwithstanding such delegation, the Board shall be responsible for administering these Covenants and for all aspects of the operation of the subdivision. The Architectural and Environmental Control Committee and the Audit Committee shall be permanent standing committees, whose composition shall be at least three (3) members appointed by the Board. *[This paragraph was reworded and renumbered by Covenant amendment in 2007.]*

6. Exclusive, Residential Use and Improvement. Except in commercial areas now designated by these Covenants, all real property subject to these Covenants shall be used only for residential purposes, provided no platted residential lot may be further subdivided by an Owner. *[This paragraph was reworded by Covenant amendment in 2007.]*

Structures commonly known as mobile homes as defined in New Mexico Statute 3-21-A-2(B) or any successor similar law, or manufactured homes as described in New Mexico Statute 3-21-A-2(A) or any successor similar law, shall not be permitted or approved for placement on any lot within the lands subject to these restrictions, excepting those lands described in paragraph 6(f) below. *[This paragraph was added by Covenant amendment in 2000. Paragraph 6(f) referenced was deleted by Covenant amendment in 2007. There is no exception to the restriction on mobile homes.]*

No structure shall be erected, placed or permitted to remain on any lot except as follows:

- (a) For lots in Unit 1, 3, 4, 4-2, 4-2 Extension, 5, 6 and Skyline Subdivision: One (1) detached, single-family residential dwelling and such outbuildings as are usually ancillary to single-family residential dwellings including a private garage.
- (b) For lots in Unit 2, one (1) attached condominium Unit of no more than two individual residences per unit. No condominium may exceed two stories in height and shall be sold on a fee simple basis.
- (c) For lots in Unit 5-4; One (1) multiple family residential dwelling containing not more than four (4) dwelling units and such outbuildings as are usually ancillary to such dwellings including private garage.
- (d) In non-subdivided areas of the property described in the attached Exhibit "C" (Tracts A, B, F and G) one (1) detached single family residential dwelling and such outbuildings as are usually ancillary to single family residential dwellings including a private garage. Lots within lands described in Exhibit "C" shall be at least one acre in size; or

Multiple family residential dwellings of not more than two stories with not more than five (5) dwelling units per acre and such outbuildings as are usually ancillary to such dwellings including private garages. Such multiple family residential dwellings shall be subdivided as a condominium development and any such condominium development must meet the requirements of the laws of the State of New Mexico regarding condominium structures together with any amendments thereto. Each individual unit within such condominium shall be sold in fee simple and shall be counted as part of the total number of permitted lots in Pendaries as specified in Paragraph 14 below. Each condominium unit owner shall have all of the membership rights and all of the membership obligations in Pendaries Village Community Association currently accorded to owners of subdivided lots.

- (e) Tract "C", described in Exhibit "I" attached hereto and Tract "E", described in Exhibit "I", will be used exclusively for single family dwellings, with only detached single family residences and such outbuildings as are usually ancillary to single family residential dwellings, including a private garage being permitted. No structures on these lots will exceed the height of the residential building. The residential building will not exceed a single story with daylight basement room and of construction similar to adjacent structures.
- (f) All lots, townhouses and condominium units will be sold on a fee simple basis and will not either in form or substance be sold or used on a time share or membership basis. *[This paragraph was renumbered after paragraphs 6(f) and 6(g) were deleted by Covenant amendment in 2007.]*

7. General Prohibitions and Requirements. The following general prohibitions and requirements shall prevail as to the construction or activities conducted on any lot in the Subdivision.

- (a) No outside toilet shall be constructed on any lot. All plumbing fixtures, dishwashers, toilets or sewage disposal systems shall be connected to septic tanks or sewage collection systems as would be approved from time to time by the County authorities having jurisdiction.
- (b) No temporary house, trailer, tent, garage or other outbuilding shall be placed or erected on any lot; however, this shall not apply to any such temporary structure for storage of materials during the period of actual construction. No such temporary structures shall be used at any time as a dwelling place. *[This paragraph was reworded by Covenant amendment in 2007.]*
- (c) No residence shall be occupied until the same has been substantially completed in accordance with its plans and specifications.
- (d) All structures constructed or placed on any lot shall be constructed with a substantial quantity of new material and no used structures shall be relocated or placed on any such lot.

- (e) A reasonable number of generally recognized household pets (such as dogs, cats and birds) may be maintained on any lot, but are restricted to the Owner's lot and only as pets and not for commercial purposes. Such pets are permitted on roads, common areas and open space (the golf course being specifically excluded) only while on a leash. No livestock or farm animals of any kind, other than such pets, shall be kept upon any lot or common area without the consent of the Board.
- (f) Commercial signs, billboards and advertising structures of any kind are prohibited except for signage approved by the Board. *[This paragraph was reworded by Covenant amendment in 2000.]*
- (g) No motor vehicle, boat, boat trailer, camper, mobile home, trailer, or other vehicle shall be parked for a continuous period of more than ten (10) days, on any street in the Subdivision.
- (h) No stripped, unsightly, offensive, wrecked, junked or dismantled vehicle or portions thereof, no furniture or appliances designed for normal use or operation within, as distinguished from outside dwellings, and no building or construction materials or supplies shall be parked, permitted, stored, or located upon any street in the Subdivision nor on any lot thereof in such manner or location as to be visible to the occupant of other lots within the Subdivision or to the users of any street or park; except that building and construction materials in a quantity not in excess of that actually required for improvement of the lot upon which they are placed may be maintained on such lot for a period of time which is reasonably necessary for the diligent commencement and completion of the project for which they are permitted.
- (i) Every tank for storage of fuel installed outside any building in the Subdivision shall be either buried below the surface of the ground or screened to the satisfaction of the Architectural and Environmental Control Committee, by fencing or shrubbery, but in any event, shall comply with all requirements of any governmental agency having jurisdiction over such storage. Every outdoor receptacle for ashes, trash, rubbish or garbage shall be installed underground, screened or so placed and kept as not to be visible from any street or park within the Subdivision at any time except during refuse collection.
- (j) All lots, whether occupied or unoccupied, and any improvements placed thereon, shall at all times be maintained in such a manner as to prevent their becoming unsightly by reason of unattractive growth on such lot or the accumulation of rubbish or debris thereon. In the event any such lot or improvement thereon is not so maintained, the Association shall have the right, through its agents and employees, to enter thereon for the purpose of maintenance, restoration or repair, the cost of which shall be added to and become a part of the annual charge to which such lot is subject.
- (k) No noxious, obnoxious or offensive activities shall be carried on any lot or on any street or park nor shall anything be done thereon that shall be or become unreasonable annoyance or nuisance to the neighborhood or to other users of said park or street.
- (l) Except for permitted water wells, no drilling, refining, quarrying, or mining operations of any kind shall be permitted upon or in any lot and no derrick or other structure designed for use in boring shall be erected, maintained or permitted on any lot.
- (m) No radio station or shortwave operators of any kind shall operate from any lot or residence, without the approval of the Architectural and Environmental Control Committee.
- (n) No trash, garbage, or other refuse shall be dumped or stored on any lot in the Subdivision. No outside burning of trash or garbage shall be permitted.
- (o) No improvement which has been partially or totally destroyed by fire, earthquake or otherwise, shall be allowed to remain in such state for more than twelve (12) months from the time of such destruction.

- (p) Every building, dwelling or other improvement, the construction or placement of which is begun on any lot, shall be completed within twelve (12) months after the beginning of such construction or placement or foundation work begun.
- (q) There shall be no blasting or discharge of explosives upon any lot, without the approval of the Architectural and Environmental Control Committee. *[This paragraph was reworded by Covenant amendment in 2007.]*
- (r) No gainful occupation, profession or trade shall be maintained on any residential lot or in any structure on any residential lot without the prior approval of the Architectural and Environmental Control Committee. *[This paragraph was reworded by Covenant amendment in 2007.]*
- (s) Except as otherwise permitted by the Board, there shall be no hunting or discharge of firearms or fireworks.
- (t) All improvements shall be constructed in accordance with applicable building line and setback provisions of applicable zoning ordinances, in compliance with all laws.
- (u) No exterior speakers, horns, whistles, bells or other sounds devices, except security devices used exclusively to protect the security of the lot and improvements located thereon, shall be placed or used upon any lot, without prior written approval of the Architectural and Environmental Control Committee.
- (v) There shall be no camping within Pendaries Village. *[This paragraph was reworded by Covenant amendment in 2007.]*
- (w) Vegetation within any lot shall be planted and maintained in such a manner as to prevent or retard shifting or erosion and to encourage the growth of indigenous ground cover.
- (x) No use shall be made of any lot which shall cause the improvements within the Subdivision to be uninsurable against loss by fire or the perils included in an extended coverage endorsement in the form approved by the Superintendent of Insurance of New Mexico, or cause any policy representing such insurance to be cancelled or suspended, or cause any company issuing such policy to refuse renewal or to increase insurance premiums thereon.
- (y) No large trucks, defined as vehicles with gross weight greater than 10,000 pounds, shall be allowed to be parked or maintained on Association roads, except during actual deliveries. *[This paragraph was added by Covenant amendment in 2007.]*

8. Size and Placement of Residences and Structures. Every single-family residential dwelling constructed on a lot shall contain at least one thousand and two hundred and fifty (1250) square feet of fully enclosed floor area devoted to day to day living purposes (exclusive of roofed or unroofed porches, terraces, attics, crawl space, low ceiling lofts, garages, carports and other outbuildings), except that a single family residential dwelling constructed on a lot purchased prior to January 1, 1997 may contain at least nine hundred (900) square feet of fully enclosed floor area devoted to day to day residential living if construction is commenced prior to January 1, 2000. *[This paragraph was reworded by Covenant amendment in 2000.]*

The Committee shall have the authority to establish regulations as to the height and size requirements for all other types of buildings and structures including fences, walls, copings, antennas, etc.

In order to preserve the natural quality and aesthetic appearance of the existing geographic areas within the Subdivision, all property lines shall be kept free and open one to another and no fences shall be permitted on any lot or lot lines except where, in the opinion of the Architectural and Environmental Control Committee, a fence or other enclosures, as a structure or aesthetic feature of a design concept will contribute to and be in keeping with the character of the area, such approval, however, shall not

invalidate any applicable utility easements and such fence or enclosures remain subject to removal under said easements.

Except for existing structures, no structure (other than a fence, gate, stairway, or other reasonable structure approved by the Architectural and Environmental Control Committee) shall be erected nearer than seven and one-half (7 ½) feet from any boundary line of a lot.

9. Architectural and Environmental Control Committee. All plans and specifications for any construction or alteration whatsoever to be constructed on any lot or lots shall specify the construction materials and exterior color. Said plans and specifications shall be submitted to the Architectural and Environmental Control Committee (the "Committee) to determine compliance with these Covenants and other requirements of the Board and the Committee at least thirty (30) days prior to the time any construction materials are delivered to any lot. Committee approval will only be granted following the legally required approval of the plans and specifications by the New Mexico Construction Industries Division (CID). Following initial approval by the Committee, plans for any subsequent changes, additions, remodeling, reconstruction or alteration thereto must be submitted to the Committee for approval at least five (5) working days prior to changes being allowed and must comply with all applicable requirements of the Covenants, the Board, the Committee and the CID. *[This paragraph was reworded by Covenant amendment in 2000.]*

The right of an Owner to construct, reconstruct, refinish, alter or maintain any improvement on his lot, or to install any utility line (wire or conduit) thereon, or to make any excavation, or to cut or remove any trees from his lot or do any act which would affect the drainage thereof, shall be subject to all of the following:

- (1) Any act mentioned in the previous paragraph is absolutely prohibited unless and until the Owner of such lot first obtains the approval thereof from the Committee, and otherwise complies with the following provisions of this paragraph.
- (2) Any Owner proposing to do any of the things mentioned above, shall apply to the Committee for approval as follows:
 - (a) The Owner shall submit to the Committee for approval such plans and specifications for the proposed work as the Committee shall request, including the following:
 - (i) A plot plan of the lot showing (aa) buildable space, (bb) contour lines, (cc) the location and height of all existing and/or proposed improvements, including fences, (dd) the proposed drainage plan, (ee) the location of all trees and vegetation which the Owner proposes to remove, (ff) the location of all proposed utility installations, and (gg) such other information as the Committee shall require from time to time;
 - (ii) Floor plans;
 - (iii) Drawings showing all elevations of structures;
 - (iv) Description of exterior materials and color with samples;
 - (v) Working drawings and construction specifications of all structures;
 - (vi) Description of provisions for landscaping and for stabilizing slopes during and after construction; and
 - (vii) The proposed construction schedule.

The Committee may require that any such submission shall be accompanied by a reasonable filing or inspection fee as a means of defraying its expenses. No additional fee shall be required for resubmission of plans revised in accordance with Committee recommendation.

- (b) If at any time, after reviewing the plans, the Committee shall determine that it would be in the best interests of the Subdivision for such Owner to employ an architect or licensed building designer to design any improvement involved in the proposed work, the Committee shall inform such Owner, in writing, of its determination, whereupon all plans and specifications designated by the Committee to be so prepared must be prepared by such an architect or licensed building designer.
 - (c) The Committee shall review the plans, drawings and specifications of any structure submitted to it only if the following conditions have been satisfied:
 - (i) The Committee finds that the plans and specifications of the proposed structure, on the property, conforms to these Covenants; and
 - (ii) The Committee finds that the proposed structure is not aesthetically incompatible with the physical site, the adjoining properties, or the environment of the Subdivision; and
 - (iii) The Committee finds that the setback requirements prescribed herein have been complied with; and
 - (iv) The Committee finds that the soil stabilization requirements of the Soil Conservation Service have been complied with.
 - (d) Any Application which has been neither approved nor rejected within thirty (30) days from the date of complete submission thereof to the Committee shall be deemed approved.
- (3) Upon receipt of the approval from the Committee, the Owner shall, as soon as practicable, proceed with the commencement and completion of the work contemplated by the application, pursuant to the approved plans and specifications. If the Owner shall fail to commence the work within one (1) year from the date of approval, the approval shall be deemed revoked unless upon the written request of the Owner made to the Committee prior to the expiration of said one (1) year period, and upon a finding by the Committee that there has been no change in circumstances the time for such commencement is extended in writing by the Committee. In any event, the Owner shall complete the construction of the foundation and all exterior surfaces (including the structure on his lot) within twelve (12) months after commencing construction thereof, except and for so long as such completion is rendered impossible or would result in great hardship to the Owner due to strikes, fires, national emergencies or other causes beyond the control of the Owner. If the Owner fails to comply with this paragraph, the Committee shall notify the Association of such failure, and the Association at its option, shall either complete the exterior of any structure in accordance with the approved plans or remove the structure, the cost of which shall be added to and become a part of the annual charges to which such lot is subject.
- (4) Upon completion of any work for which approval of the Committee is required under this section, the Owner shall give notice thereof to the Committee, and within ten (10) days thereafter the Committee or its duly authorized representative, shall inspect such work to determine whether it was done in substantial compliance with approved applications. If the Committee finds that such work was not done in substantial compliance with approved application, it shall notify the Owner of such non-compliance within such ten (10) day period and shall require the Owner to remedy such non-compliance. If upon the expiration of sixty (60) days from the date of such notification, the Owner shall have failed to remedy such non-compliance, the Committee shall notify the Association of such failure, and the Association at its option, shall have the right to remedy the non-compliance and the cost shall be added to and become a part of the annual charges to which such lot is subject. If for any reason the Committee fails to notify the Owner of any non-compliance within sixty (60) days after receipt of said notice of completion thereof from the Owner, the work shall be deemed to be in accordance with said approved application.

(5) The Committee may allow reasonable variances and adjustments of its requirements in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however, that such is done in conformity with the intent and purposes thereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the Subdivision.

10. Common Areas. Except as otherwise provided herein, the common areas shall be improved and used only for vehicular and pedestrian access, parking, recreational use, open space, privacy for occupants of lots, and such related or other uses as may be determined from time to time by the Association.

11. Easements.

(a) Slope Control and Drainage. The Association reserves for itself, its successors and assigns, easements for the maintenance and permanent stabilization and control of slopes in any slope-control areas designated on the Plat as "Slope Easement" and easements for the use and maintenance of drainage courses of all kinds in any areas designated on the Plats as "Drainage Easement". Within the areas subject to these easements, no structure, planting, or other material, shall be placed or permitted to remain and no activity shall be undertaken which may damage or interfere with established slope ratios or drainage courses, create erosion or sliding problems, or obstruct, retard or change the direction of the flow of water over such slope-control areas or through such drainage courses; provided, however, that the Association, shall have the right to landscape and beautify the areas subject to such easements and to improve the slope ratio of, and water flow over, such areas. *[This paragraph was reworded by Covenant amendment in 2007.]*

(b) Utilities. The Association reserves for itself, its successors and assigns, easements for the installation and maintenance of utilities over the areas designated on the Plats as streets and parks, over strips of land five feet in width alongside and rear property lines and ten feet in width along the front property line of each lot in the Subdivision and over strips of land otherwise designated on the Plat as areas subject to utility easements or subject to a particular type of utility easement such as an easement for water line purposes. For the purposes of this paragraph, the term "utilities" shall include, without limiting the generality or requiring the installation thereof, underground wires, conduits and other necessary attachments for the transmission of electricity, for lighting, heating, power, telephone, television and other purposes, public sewers, storm water drains, land drains and pipes, water systems and lines, sprinkling systems, heating and gas lines or pipes, and any and all equipment in connection therewith, and any other public or quasi-public facility or improvement deemed by the Association to be necessary or desirable for the comfort, convenience or safety of the residents of the Subdivision. Within these easements, no structure, planting or other material shall be placed or permitted to remain and no activity shall be undertaken which may damage or interfere with the installation or maintenance of utilities. The areas subject to such easements and all improvements therein shall be maintained continuously by the Owner of the lot in which they are located except for those improvements for which a public authority or utility company is responsible. No utility easement shall be restricted or impaired by reason of the fact that the area subject to such easement is included, in whole or in part, within an area which is subject to an easement described in Paragraph (c) below. *[This paragraph was reworded by Covenant amendment in 2007.]*

(c) Individual Access. The Association reserves for itself, its successors and assigns, easements of ingress and egress for pedestrian use only over any areas designated on the

Plats as “Individual Access Easement” or “Ingress and Egress Easements”. Within the areas subject to such easements, no structure, planting or other material shall be placed or permitted to remain and no activity shall be undertaken which may interfere with the free and unobstructed passage of pedestrians along and over such areas. Such areas shall be maintained continuously by the Owner of the lot subject to such easement. *[This paragraph was reworded by Covenant amendment in 2007.]*

12. Recreational Rights. Upon payment of the required Association regular or special assessments, each Owner of a lot or townhouse or condominium in the Subdivision shall become a member in good standing of the Association and upon payment of appropriate fees, thereby such members shall have the right to the use of all Association facilities available to Association Owners. *[This paragraph was reworded by Covenant amendment in 2007.]*

13. Golf Course and Common Areas. *[This first paragraph of Section 13 of the 2000 Covenants was deleted by Covenant amendment in 2007.]* As shown in Exhibit D attached hereto, easements across lots in Unit 4-2 Extension which border the golf course are granted to the Association for golf course purposes. The extent of the easement is indicated on Exhibit D. The easement boundaries are measured in accordance with Exhibit D using the existing sprinkler heads as the fixed monuments, and as previously determined by the course designer, Don K. Burns. As shown on Exhibit D attached hereto, the following lots will have the following building setback requirements which will be measured from the innermost edge of the golfing easement across each lot:

Lot 6	=	25 foot setback
Lot 5	=	30 foot setback
Lot 4	=	35 foot setback
Lot 20	=	35 foot setback
Lot 38	=	35 foot setback
Lot 65	=	20 foot setback
Lot 66	=	20 foot setback
Lot 67	=	20 foot setback
Lot 51	=	20 foot setback
Lot 56	=	50 foot setback
Lot 57	=	50 foot setback
Lot 58	=	50 foot setback
Lot 22	=	50 foot setback
Lot 23	=	50 foot setback
Lot 24	=	50 foot setback
Lot 25	=	50 foot setback
Lot 26	=	50 foot setback
Lot 34	=	50 foot setback
Lot 35	=	50 foot setback
Lot 36	=	50 foot setback
Lot 37	=	50 foot setback

All remaining lots shown on Exhibit “D” will have a 30 foot setback measured from the innermost edge of the golfing easement across said lots.

Fee simple title includes the responsibility for making all decisions with reference to the operation, maintenance and upkeep of the described facilities, as well as authority to make decisions concerning

the necessity and expenditure of funds and the means of raising same for maintenance, operation and upkeep of the Subdivision. The Association may mortgage, pledge, hypothecate or otherwise encumber any of said facilities from the date of acquiring fee ownership, but only upon approval by eighty percent (80%) of the Owners. Property transferred to the Association may be subject only to taxes, assessments and obligations imposed by governmental agencies, all prorated as of the date of transfer, and may be subject to such matters of record as shall not materially impair the members' reasonable use and enjoyment of such property.

The provision herein prohibiting the mortgage, pledge, hypothecation or other encumbrance of the facilities shall not limit the right of the Board of Directors or the Association to lease or rent the food and beverage service facilities to third parties for provision of such services. Any such lease or rental agreement shall be approved by a simple majority of the Board of Directors of the Association. *[This paragraph was added by Covenant amendment in 2002.]*

14. Enforcement and Non-Waiver. *[Section 13 was deleted by Covenant amendment in 2007 and subsequent sections renumbered: Sections 15, 16, 17, 18 to Sections 14, 15, 16, 17.]*

- (a) Right of Enforcement. Except as otherwise provided herein, the Association or any Owner or Owners shall have the right to enforce at law or in equity any and all of the covenants, conditions, restrictions and easements now or hereafter imposed by the Covenants upon the Owners or upon any property within the Subdivision and the Court in such action may award the successful party reasonable expenses in presenting such action, including reasonable attorney's fees. *[This paragraph was reworded by Covenant amendment in 2007.]*
- (b) Violating and Nuisance. Every act or omission whereby a covenant, condition, restriction, or easement of the Covenants is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or an Owner or Owners; however, any other provision to the contrary notwithstanding, only Declarant or the Association or their duly authorized agents, may enforce by self-help any covenant condition or restriction herein set forth.
- (c) Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Subdivision is hereby declared to be a violation of the Covenants and subject to any or all of the enforcement procedures herein set forth.
- (d) Performance by Association. When in the discretion of the Board, it is determined that an Owner has failed, refused, or neglected to perform any upkeep or maintenance with respect to his lot which is required for compliance with any portion of this Declaration, or to maintain in good repair or keep adequately painted, any structure or building on such lot, the Board may give such Owner reasonable notice of such failure, setting forth the nature of the maintenance, upkeep or repair required. If upon expiration of such notice the Owner fails to remedy such non-compliance the Association may thereupon cause the maintenance or repair to be performed and in such event the cost of which shall be added to and become a part of the annual charges to which such lot is subject.

If such expenses are not promptly paid by the Owner, such expenses shall be added to and become a part of the annual charge to which the lot is subject but shall not be subject to the amount limitations specified in Paragraph 5 (e) (i) above.

- (e) Remedies Cumulative. Each remedy provided by the Covenants is cumulative and not exclusive.
- (f) Non-Waiver. The failure to enforce the provisions of any Covenant, condition, or restriction contained in the Covenants shall not constitute a waiver of any right to enforce any such provisions of said Covenants.

15. Grantee's Acceptance. The grantee of any lot subject to the coverage of this Declaration by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, shall accept such deed or contract upon and subject to each and all of these Covenants, easements and agreements herein contained and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent, and agree to and with Declarants, and to and with the grantees and subsequent Owners of each of the lots within the Subdivision to keep, observe, comply with and perform said Covenants.

Each such Grantee also agrees, by such acceptance, to assume as against Declarants, their successors or assigns, all the risks and hazards of ownership or occupancy attendant to such lot, including but not limited to its proximity to parks, and golf courses.

16. Partial Invalidity. In the event that any one or more of the Covenants herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining Covenants shall continue unimpaired and in full force and effect.

17. Captions. The captions of the various paragraphs of this Declaration are for convenience only and are not a part of this Declaration and do not in any way limit or amplify the terms or provisions thereof.

18. Consolidation of Contiguous Lots

A. An Owner of two contiguous lots, one of which has already been improved by construction of a permanent dwelling, shall be allowed to consolidate such lots into one lot for PVCA assessment purposes pursuant to the terms of the Section.

B. A consolidation of lots under this Covenant provision shall be allowed only one time so that after such a consolidation has occurred, there shall be no further consolidation of either lot involved in a consolidation of either lot involved in a consolidation, pursuant to the provision.

C. A consolidation of lots under this Covenant provision shall be applied for by the Owner(s) submitting to the PVCA Board a written request for such consolidation, identifying the two lots for which consolidation is being requested, confirming that no prior consolidations by any individual Owner have involved either lot involved in the current request, and including copies of the recorded deeds to the Owner for the two lots.

D. The PVCA Board shall, by Standing Order, determine an appropriate fee for such consolidation. The initial fee shall be \$2,000 which shall be payable at the time the application for consolidation is submitted to the Board.

E. The PVCA Board shall approve such consolidations in writing within two (2) regularly scheduled board meetings after a completed consolidation application has been submitted to the Board. Any denial of such an application shall also be made in writing and shall state the reasons that such a consolidation was not approved. Should a consolidation request be denied by the Board, the fee deposit shall be promptly refunded to the Owner.

Once a consolidation is approved, the lots can never be sold separately.

F. Any prior or future vacation of lots granted by the San Miguel County Commission, except as allowed in this Covenant Section, shall have no effect on any assessments imposed pursuant to these Covenants.

G. Any prior lot consolidations that have occurred and have been allowed and approved by the Board pursuant to prior Standing Orders 16 and 21, or under any other Board approved provision, shall disqualify such lots from additional consolidation pursuant to the section.

H. Assessment changes pursuant to this Section shall take effect at the beginning of the next fiscal year if approved before August 31.

BY-LAWS OF
PENDARIES VILLAGE COMMUNITY ASSOCIATION

ARTICLE I
PURPOSE

The Pendaries Village Community Association provides an Association whereby:

- A. The Owners of subdivided lots and single family residences within Pendaries Village, San Miguel County, New Mexico desire to:
 - 1. assure the upkeep of the subdivision, subdivision facilities and amenities, and dwellings;
 - 2. protect and improve their property values; and
 - 3. protect and enhance environmental quality within Pendaries Village.
- B. Through the Board of Directors, enforcement of that certain Declaration of Uniform Protective Covenants for Pendaries Village, San Miguel County, New Mexico, dated the 5th day of February 1980 and recorded in Book 228 page 6705, San Miguel County, New Mexico, and its subsequent revisions, are assured. (Said Covenants and its duly adopted amendments are hereafter referred to as the "Declaration".)

The Association is a nonprofit corporation existing solely for the benefit of Owners pursuant to the Declaration and is established in accordance with the New Mexico Nonprofit Corporation Act.

ARTICLE II
DEFINITIONS

- A. Declaration. "Declaration" shall mean the covenants, conditions, and restrictions set forth in the Declaration and any duly adopted amendments thereto.
- B. Articles. "Articles" shall mean the Articles of Incorporation of Pendaries Village Community Association as amended from time to time.
- C. Board. "Board" shall mean the Board of Directors of the Association.
- D. By-laws. "By-laws" shall mean these By-laws as amended by the Board of Directors from time to time.
- E. Fiscal Year. "Fiscal Year" shall mean the year adopted as such from time to time by the Board for financial reporting and budgeting purposes.
- F. General Manager. "General Manager" shall mean the person or Managing Agent appointed by the Board to administer and enforce the Governing Documents, carry out board directives, and manage all aspects of the physical plant of PVCA. The General Manager or Managing Agent shall serve at the pleasure of the Board.

- G. Governing Documents. "Governing Documents" shall mean the New Mexico Nonprofit Corporation Act, the Declaration, the Articles of Incorporation, these By-laws, and any exhibits thereto.
- H. Improvement and Amenities. "Improvements and Amenities" shall include, but not be limited to: the 18 hole golf course; the easements adjoining the tennis court; the pro-shop; the clubhouse; all PVCA roads; all PVCA parking areas; waste collection and storage facilities and equipment; the conference center; the maintenance and equipment yard; the lodge; the chapel; the guardhouse; the restaurant; the snack bar.
- I. Lot. "Lot" shall mean any parcel of real property designated for residential use and shall be recorded on a subdivision plat pertaining to property subject to this Association including property subsequently annexed hereto.
- J. Member. "Member" shall mean an Owner of a Lot within the Pendaries Subdivision.
- K. Owner. "Owner" shall mean a person holding beneficial ownership of any Lot and includes the purchaser of a Lot under an executory land sale contract. A husband and wife, or other multiple Ownership, shall be considered as a single Owner unless otherwise specified in writing to the Board. In no event shall multiple ownership result in fractional voting or in permitting one Lot to have more than one vote except as otherwise provided for improved Lots.
- L. Subdivision. "Subdivision" shall mean the Lots, roads, Improvements and Amenities comprising the Pendaries Village Subdivision (including future lots not yet sub-divided, roads and improvements).
- M. Standing Orders. "Standing Orders" shall mean orders adopted by the Board to facilitate administration of PVCA, its Declaration, the New Mexico Nonprofit Corporation Act, the Articles and Bylaws of Pendaries Village.

ARTICLE III
DUTIES AND POWERS OF THE BOARD

The corporate powers of the Association are vested in the Board. The Board is expressly charged with the obligation of discharging the requirements of complying with, and duly enforcing the Declaration. The Board has the right and responsibility to perform the duties and obligations and to exercise the powers and the authority of the Association as set forth in the Governing Documents. The Board has all the powers of a nonprofit corporation existing and organized under the laws of the State of New Mexico, subject only to the limitations expressly set forth in Governing Documents.

The Board has the following powers and obligations, subject to and in accordance with the Governing Documents.

- A. The Board is governed by the terms of the Governing Documents and shall be responsible for the administration and enforcement of the Governing Documents. The Board shall be entitled to all powers, benefits and obligations conferred by the Governing Documents.
- B. The Board is empowered to arrange for such contracts as are reasonably required to effectuate the terms of the Governing Documents.
- C. The Board is empowered to contract with or otherwise legally delegate any specified duties to any private entity, cooperative, public authority, governmental body or special district.
- D. The Board is empowered to promulgate, amend, or repeal such By-laws and Rules as may be necessary for the enforcement and administration of the Governing Documents, and for the governance of the improvements and amenities. Any such action shall be by majority vote of the Board.
- E. The Board shall establish and maintain appropriate records containing a current list of Association members, shall make such filings and reports as are required by local, state and federal statutes and regulations, and shall maintain records of all contracts entered into between the Board and any other party.
- F. The Board is entitled, by all legal means, to administer and enforce the Governing Documents. The Governing Documents shall be controlling in the event any rule or Standing Order of the Board or any provision of these By-laws shall be construed to be in conflict with the Governing Documents.
- G. The Board shall levy Regular and Special Assessments in accordance with the Declaration.
- H. The Board shall maintain, in accordance with generally accepted accounting principles, an accurate set of books and records showing the financial condition of the Association.

ARTICLE IV MEMBERS

- A. Each person or entity, by virtue of being an Owner, shall be a Member of the Association subject to the rights and obligations set forth in the Declaration. No person other than an Owner or the duly designated representative or agent of an Owner may be a Member of the Association.
- B. For matters requiring a written ballot of the Members, each Member shall be entitled to cast his/her vote by ballot in accordance with these By-laws and the declaration.

ARTICLE V
MEETINGS AND ELECTIONS

- A. Annual Meetings. There shall be an annual meeting of the Members on the third Saturday of each August of each year. All Members shall be notified of the meeting through mailed notice delivered to Members (60) days prior to each annual meeting.
- B. Special Meetings of the Members. Special Meetings of the Members may be called at any time. Special Meetings shall be held in a place reasonably accessible to the Members and shall be called by written notice signed by either a majority of the Board or by Members of the Association representing one-third of the total votes of the Association. Said notice shall be delivered to Members not less than fifteen (15) days nor more than sixty (60) days prior to the date fixed for such meeting. The notice shall specify the date, time, purpose, and place of meeting.

Unless otherwise expressly provided herein, in the Declaration, or as allowed by New Mexico law, any action taken by the Members shall require a majority vote of the total Members. [Note: See the Covenant revisions that only allow written voting by Members]

C. Election of Directors.

1. Declaration Period. Sixty (60) days prior to the Annual Meeting (“Declaration Period”), Members shall be notified of the number of vacancies on the PVCA Board of Directors and of the requirements, procedures, and time lines for declaration of candidacy for one of these positions. Candidates must submit a written declaration of his/her intent to run for an open PVCA Board of Director position, along with a short statement including his/her qualifications and reasons for wishing to serve on the Board. No Member who is an employee is eligible to hold the office of Board Member.

2. Joint Declaration with mutual Domestic. Should the Pendaries Village Mutual Domestic Water Consumers Association be in existence at the time of the Declaration Period, then any person declaring their intention to run for a position on the PVCA Board of Directors shall also declare their intention to run for a position on the Pendaries Village Mutual Domestic Water Consumers Association Board of Directors. Failure to declare for positions on both Associations shall make the declaration for the PVCA Board invalid.

3. Balloting procedure. Approximately thirty (30) days prior to the PVCA Annual Meeting, the ballot, candidates’ statements and an election Procedural Document as approved by the Board shall be provided to all Members at their last known address on the records of the Association. Completed ballots must be received in the manner prescribed in the Procedural Document prior to 2:00 o’clock pm on the Friday immediately prior to the Annual Meeting. No ballots shall be accepted after this deadline. In the event there are no more declared qualified candidates than the

number of (3) year Board vacancies, the balloting procedure will be suspended for the election period. In the event there is a vacated Board position prior to the end of the declaration period, rules of ARTICLE VI BOARD MEETING AND ORGANIZATIONS C. Vacancies. Will apply.

4. Vote Validation Committee. The Board shall establish a vote Validation Committee consisting of a Chairperson appointed by the Board and a PVCA Member representative appointed in writing by each candidate. The sole purpose of the Validation Committee is to work with the PVCA Manager or his/her designee to verify the eligibility of all Member voters and to verify the number of votes to which each member is entitled.

5. Tallying of Ballots. At 2:00 pm on the Friday immediately prior to the PVCA Annual Meeting, the Chairman of the Validation Committee shall pick up the sealed ballots and deliver them to an independent party named by the Board to tally the votes. The Validation Committee Chairperson shall remain available during the tallying process to answer any questions that might arise as the ballots are counted, but will not participate in any way in the tallying process.

6. Announcement of Election Results. At the opening of the Annual Meeting, the Validation Committee Chairperson shall provide the PVCA Board President with a sealed envelope containing a tally summary sheet of votes received by each candidate and signed by the person who performed the tallying. The President shall open the envelope and announce the election results during the Annual Meeting.

7. Insufficient Declared Candidates. Should no candidate(s), or an insufficient number of candidates to fill the open Board positions, file declarations for open Board position(s) during the Nominating Period, or should all candidates withdraw from the election prior to the announcement of the election winners at the Annual Meeting, then after the Annual Meeting, the President of the board shall nominate a person or persons to fill the vacant Director position(s). The remaining Board Members shall confirm or refuse to confirm such nomination(s) by a majority vote of the existing Board Members. If the remaining Board Members refuse to confirm the nomination(s), then the Board President shall nominate additional Members who shall then be considered for confirmation by the Board to fill the vacant Board of Director positions. By this process, the open Board positions shall be filled. Once nominations are confirmed, then these Directors are thereby appointed to serve for the remainder of that Board position's term.

8. Eligibility for Candidacy and to Remain a Board Member in Good Standing
(8.1) Eligibility for Candidacy. In order to be eligible for candidacy to the Board of Directors and to continue serving as a Director, a member must be an Owner or agent of an Owner ("Designated Representative") with the PVCA in good standing as set forth herein at Section 8.

(8.2) Good Standing. In good standing is defined as the: (i) Owner's or Owner's entity's account being current and equal to or greater than the amount of an improved lot. (ii) violation free;

(iii) Owner or Designated Representative free of conviction of any crime designated under federal or state law as a felony or a crime involving dishonesty or false statement; (iv) Owner or Designated Representative free of any Familial Restriction conflicts; and (v) in compliance with the Code of Conduct.

(8.3) Designated Representative. A purported agent of an Owner is classified as a Designated Representative upon providing to the PVCA a written letter signed by the Owner that they are the Owner's agent and authorized to serve on the Board. Notwithstanding the above, Designated Representatives must meet all eligibility requirements set forth in the Governing Documents.

(8.4) Familial Restriction. No more than one immediate family member may serve on the Board at the same time. Immediate family members are defined as: spouse/domestic partner, parent, legal guardian, sibling, brother-or sister-in-law, mother-or father-in-law, son or daughter, step-child, son-or daughter-in-law, grandparents or grandchildren. This restriction extends to Designated Representatives, such that a husband and wife would both be ineligible to serve as Directors in the event the husband owned a Lot in his name and the wife was another Lot Owner's Designated Representative.

(8.5) Code of Conduct. A Director is prohibited from divulging proprietary information outside of the Board of Directors or General Management, or to any other unauthorized person or entity. Directors are obligated to disclose any actual, potential or perceived conflicts of interest and to abstain from both discussion and voting on any issue that comes before the Board of Directors where conflicts of interest may arise that could result in direct or indirect material or financial benefit to the Director or his/her immediate family.

ARTICLE VI BOARD MEETINGS AND ORGANIZATION

- A. Number of Directors. The Board of Directors shall consist of five (5) persons. However, the number of Directors may be changed by the Board from time to time through amendment of these By-laws.
- B. Terms of Office. Directors elected by the Members shall serve for a term of three (3) years. In the event of there being three (3) or more Board positions available for election, the Board will establish a process to re-establish desirable staggered terms of office for Board Members. Board candidates will be advised of this process prior to the election. A Director who has three (3) unexcused absences of Board Meetings during a Director's Term-Year, including Regular, Special, and Executive Meeting, may be deemed to have resigned by a majority vote of the remaining Board Members. Unexcused absences will be determined by a quorum of the remaining Board Members. A Director who is determined by the Board to be in violation of Article V (C.)(8.) of the PVCA Bylaws may be deemed to be ineligible by a majority vote of the Board. A majority vote of the Board confirming that a Director has resigned or is ineligible results in a vacancy to the Board and that Director's vacant position is filled pursuant to Section C that follows.

- C. Vacancies. When a vacancy occurs on the Board through resignation or removal, that vacancy shall be filled by a majority vote of the remaining Directors for the remainder of the term of that Board positions.
- Should the remaining Directors be unable to fill the vacancy by a majority vote before the date of the Annual Membership Meeting, the following process will be used:
- The Candidate(s) receiving the most votes in the election will fill the full term (three year) Board positions. The candidate receiving the most votes after the full-term positions are determined, will fill the remainder of the term of the vacated Board position.
- D. Quorum and Voting. A majority of the Directors shall constitute a quorum. All Directors may fully participate in meetings by making or seconding motions, discussing motions, and voting on any issue.
- E. Meetings. The Board shall have an organizational meeting and schedule periodic meetings immediately following each annual meeting of Association Members. Meetings will follow the Rosenberg's Rules of Order.

Rosenberg's Rules of Order

Agenda

Announce agenda item number and state subject (NM Open Meetings Act does not allow items to be added to an agenda for action – discussion can take place but no motions)

Invite appropriate person to report on item

Ask board if any technical questions

Invite public comments – limit to 10 minutes – one minute at a time per person

Announce public comments closed

Invite a board motion – Announce ‘A motion may be in order at this time that ...’ – state name of maker

Ask for second – state name of second

Secretary repeat the motion

Invite the board to discuss the motion

Ask for a vote - ayes and nays

Announce the result of the vote

Motions

Basic motion – I move

Motion to amend – I move that we amend

Motion to substitute – I move a substitute

For an Amend or Substitute, the chair can state which type is required

Up to 3 motions can be active – last is voted first – earlier motions become moot when last voted in otherwise vote on previous motion until done

Debate

Not debatable list – motion to adjourn, to recess, to fix the time to adjourn, to table

End debate – ‘I move the previous question’, chair ask anyone wishes to continue – if no then call for vote on original motion, if yes then call for second, stop debate, vote on limiting debate

Votes Requiring a Super Majority

Motions to limit debate, to close nominations, to suspend the rules, to object to the consideration of a question (not debatable)

Counting Votes

Simple majority – 1 vote more than 50 % of the votes cast

Super majority – 2/3 (1 nay requires 2 ayes, 2 nays require 4 ayes)

Motion to Reconsider

Motion can only be made during a meeting where original motion was first voted on and by a member that voted in the majority. An exception is that at a later meeting if a super majority votes to suspend the rules then a super majority can allow a motion to reconsider be made at another time.

Courtesy and Decorum

Chair maintains dignity by recognizing speakers, maintain focus, limit time to speakers including board members, cut off speaker if discourtesies

Chair interrupted by

‘Point of Privilege’ – chair ask ‘state your point’ (interference with comfort of meeting)

‘Point of Order’ – chair ask ‘state your point’ (inappropriate conduct of meeting)

‘Appeal’ – chair ruling that a board member disagrees with, an appeal requires a motion, second, and simple majority

‘Calls for Orders of the Day’ – call to return to the agenda if refused then may be appealed

‘Withdraw a motion’ – during discussion maker can withdraw, chair asks second if they would like to make the motion and any other member can second

F. Special Meetings. Special Board meetings may be called at any time by the President or by any two (2) Directors. Special meetings may be held with the consent of a quorum of currently serving Board Members.

G. Officers. The Board shall elect a Board President, Vice-President, Secretary, and Treasurer.

H. Duties of Officers.

The **Board President** shall preside at all meetings of the Board of Directors and all meetings of Association Members; shall see that all Board orders and policies are implemented; shall sign all legally approved leases, contracts, and deeds, as well as such other legal documents as may be allowed by the Declaration; and shall jointly with the Treasurer sign all promissory notes. The President shall be responsible for directing the activities of the General Manager or Managing Agent in accordance with Board

decisions and policies and the Board approved job description for the General Manager or Managing Agent Agreement. The President shall also have such other duties as the Board may delegate from time to time.

The **Vice-President** shall act in the place and stead of the President in the event of his/her absence or inability to act; and shall exercise such other duties as may be required by the Board.

The **Secretary** shall ensure that the votes and minutes of all meetings and proceedings of Board and Member meetings are accurately recorded; serve notice of meetings of the Board and Members; and shall perform such other duties as may be required by the Board.

The **Treasurer** shall jointly with the President sign all promissory notes; shall cause an annual audit or review of the Association's financial records as determined by the Board to be made by a certified public accountant designated by the Board; and shall present the annual budget that has been prepared by the General Manager and his/her staff for approval by the Board.

I. Code of Ethics

The following is adopted as the Code of Ethics for the PVCA Board members, Committee members and Employees of PVCA.

1. Board Members, Committee members and Employees of PVCA should perform their duties without bias for or against any individual or group of owners or non-owner residents.
2. No Board member or Committee member shall receive any compensation from any sources for serving as a member of the Board, or on a Committee, except for personal expense reimbursements approved by the Board.
3. No Board Member, Committee member or Employee shall solicit or accept, directly or indirectly, any gifts, gratuities, favors, loans, or any other things of monetary value offered in exchange for influencing decisions or actions taken by the Board.
4. Board members, Committee members and Employees shall disclose either in writing or in an open Board meeting, any personal or professional relationships with any companies or individuals who have, or are seeking to have a business relationship with PVCA.
5. Board members, Committee members and Employees shall not reveal confidential information provided by contractors or share information with those bidding for PVCA contracts, unless specifically authorized by the Board.
6. No Board Member, Committee member or Employee will sign a contract on behalf of PVCA that has not been approved by the Board.
7. Board members, Committee members and Employees shall not knowingly advocate B-9

or support any actions or activities that violate any laws or regulatory requirements.

8. Board members, Committee members and Employees shall not knowingly misrepresent facts to PVCA Owners or Board Members for the purpose of advancing a personal cause or influencing the PVCA membership to pressure the Board to advance an individual's personal cause.
9. Board members, Committee members and Employees shall not knowingly divulge personal information about any PVCA member, resident, or employee that was obtained in the performance of their duties.
10. Board members, Committee members and Employees shall not make personal attacks on colleagues, staff, or residents.
11. Board members, Committee members and Employees shall not harass, threaten or attempt through any means to control or instill fear in any Board member, Committee Member, other employee, PVCA owner, resident, supplier or contractor.
12. Board members and Employees shall not reveal to any owner, resident or other third party, the discussions, decisions and comments made at any meeting of the Board of Directors which have been held in executive session, except the announcement of resolutions passed in such meetings.
13. Board members, Committee members and Employees members shall act within the boundaries of their authority as defined by law and the governing documents of PVCA.
14. Board members who violate the provisions in this Code of Ethics are subject to removal by the Board upon an affirmative vote of a 2/3rds super-majority of the Board or the unanimous vote of the remaining Board Members. A hearing on the question of removal may be undertaken in executive session; however, the actual vote on the question of removal shall be taken in an open Board Meeting, not in executive session. Within a reasonable period of time in advance of the hearing on the removal, the Board Member shall be given a written set of allegations against him or her. The accused Board member shall have the right to respond to such allegations at a Board meeting set for the specific purpose of hearing the allegations, and each side may present witnesses and may be represented by counsel at the hearing on the allegation(s).
15. Committee Members who are determined to have violated this Code of Ethics may be removed from their Committee position by a majority vote the Board. Employees who violate this Code of Ethics shall be subject to disciplinary action pursuant to the Employee Handbook.
16. Definitions. As used in this Code of Ethics:
 - “Committee” shall mean any committee of or appointed by the PVCA Board
 - “Employees” shall mean any person employed by PVCA
 - “PVCA” shall mean the Pendaries Village Homeowners Association

ARTICLE VII COMMITTEES

The Board may designate such committees as the Board may deem appropriate to conduct special studies or make recommendations to the Board. Committee charges as developed by the Board shall be in writing and may require a specified report and/or recommendations within a specified period of time. Except for the Architectural and Environmental Control Committee and the Audit Committee, all committees shall be advisory to the Board and shall be ad hoc. The Architectural and Environmental Control Committee and the Audit Committee are created by the Declaration and their duties are outlined there. Chairpersons and Members of all committees and the Committee's duration, if ad hoc, shall be designated by the Board.

ARTICLE VIII MISCELLANEOUS

Corporate Seal. The Association shall not have a corporate seal.

Notices. Any notice, approval, demands, or other communications required or permitted by these By-laws shall be in writing and shall be deemed to have been given, delivered, or received five (5) days after such postage pre-paid and properly addressed notice has been deposited in the United States Mail. Notice mailed to the last known address of any party shall be considered properly addressed.

In lieu thereof, such notices, etc. may be hand-delivered by a Board member and such action witnessed by another Board member.

Action Without Meeting. Transactions at any meeting of a quorum, the Board, or any committee, however called or noticed, shall be as valid as the conduct of a meeting duly held after regular notice if either before or after the meeting, each member not present in person at the meeting, files a written waiver or consent to the holding of such meeting. All such waivers or consents shall be filed in the records of the Association, Board, or committee, as the case may be, and made a part of the minutes of the meeting.

Except for actions taken by the Members, any action which may be taken at any meeting entitled to vote at said meeting is obtained. Such action shall have the same force and effect as a unanimous vote of such persons taken in a meeting. Written consent may include emailed or faxed consent. Action taken provided herein may be taken without such meeting if the written consent of each member in this manner shall be documented in the minutes of the next regular meeting.

Board members shall not attend Regular or Special Board Meeting via conference telephone or similar communications equipment. Board Members may attend Executive Meeting via conference telephone or similar communication equipment.

Amendments. An amendment to these Bylaws may be proposed, reviewed, and approved by a majority of the Board of Directors, following due notice of the proposed changes. An affirmative

vote of the majority of votes cast shall be required to ratify the amendment, which shall then be effective immediately.

Updated June 6, 2017

PENDARIES VILLAGE COMMUNITY ASSOCIATION
STANDING ORDERS

Standing orders are promulgated by the Board of Directors to direct management in the implementation of Board policy in order to enforce the covenants and by-laws and to assure adherence to sound business practice. These standing orders also provide homeowners with knowledge of the operational policies and procedures with which PVCA functions.

In the fall of 2009 the PVCA Board completed a review of all Standing Orders. The revised Standing Orders, reduced from twenty-three (23) to thirteen (13), were approved by the Board on October 15, 2009.

- J. All property owners should register vehicles with the PVCA Office, obtain resident decals, and display these on the lower left corner of the windshield.
- K. No files may be taken from the PVCA Office without the expressed approval of the General Manager. A signed, dated receipt is required.
- L. PVCA will make available to members a regularly updated resident directory. Also, members wishing to mail a supplemental candidacy letter when running for a Board of Director position may purchase a set of member address mailing labels. No other distribution of any PVCA mailing list, labels or directory is authorized without the approval of the General Manager. *(as amended October 17, 2015)*
- M. All accounts due to PVCA are payable within thirty (30) days of billing. Interest will be charged at the rate of 15% per annum, 1.25% per month on accounts more than thirty (30) days past due and members may be restricted in their use of Pendaries facilities or services while their accounts are past due. In addition to collection procedures established in Covenant Sections 5f (i) and (iii), the Association may place accounts more than 120 days in arrears with an outside source for collection.
- N. Conversion from lot to dwelling assessment will be effective one year from the date construction commences. This assessment will be implemented within the next PVCA billing cycle for assessments. *(as amended May 16, 2015)*
- O. PVCA may refuse to provide refuse, or road maintenance service for property in arrears for any PVCA assessment or other amounts due to PVCA for more than ninety (90) days. Following an additional thirty (30) day grace period, the owner of such property shall be given notice of denial of such services in person or by posting such notice in the U.S. Mail to the owner at the address shown in PVCA's records.

Services shall not be discontinued less than twenty-four (24) hours prior to a PVCA designated employee holiday or weekend unless the PVCA office is open for receipt of payment of past due assessments or charges and PVCA personnel are available to restore such service upon payment during the holiday or weekend.

- P. The General Manager is authorized to issue emergency orders as necessary to deal with such serious issues as fire prevention and water conservation.
- Q. The PVCA Board of Directors will annually approve the fee schedule for all events, activities, and facility uses for which fees are charged, as recommended by the General Manager as part of the annual budget. The General Manager has the discretion to adjust fees during the season for special events and situations.
- R. The Board adopted document, PVCA Golf Program, includes specific information for both members and guests regarding all aspects of the use of our golf course and driving range. The PVCA Golf Program document is incorporated by reference as a Standing Order, is available in the golf shop and PVCA office, and is part of the Homeowner's Handbook (Appendix E).
- S. All references to the "General Manager" in these standing orders will now include "or a representative of a contracted Managing Agent".
- T. The Covenants of the Pendaries Village Community Association are binding on all owners and require that the Architectural & Environmental Committee administer the requirements pertaining to both new construction and remodeling. A & E Committee members are appointed by the Board. The complete A & E requirements are Standing Orders and are incorporated by reference. The requirements are available from the Committee, the PVCA office, and are also included in the Homeowner's Handbook (Appendix D).
- U. Each owner or agent thereof shall pay a \$1,000 non-refundable Filing, Inspection and Impact fee at the time plans and specifications are submitted to the A & E Committee. The fee shall be made payable to PVCA and paid at the PVCA Office.
- V. *Rescinded May 16, 2015. Information in PVMD Rules and Regulations.*

14. Dog Owner Policy. Appendix F of the Property Owner's Handbook is incorporated by reference as a Standing Order to implement Article 7(e) and 7(k) of the Covenant's General Prohibitions and Requirements.

15. *(as amended December 20, 2012)*

This standing order, originally approved August 19, 2010 and implemented November 1, 2010, to create a Replacement Reserve Fund is hereby amended to establish a second fund to be titled Restricted Contingency Reserve.

REPLACEMENT RESERVE FUND – These funds will continue to be used for budgeted and other capital expenditure requirements. This fund will continue to be funded annually by allocation by the Board of Directors of a portion of Property Owners Annual Assessments.

Beginning with the November 2012—October 2013 fiscal year, this amount will be 13 percent of assessments. Use of these funds will require two signatures, with authorized signers to be the General Manager and all Board members.

RESTRICTED CONTINGENCY RESERVE – This reserve will be used to set aside monies in a separate account to accumulate for future unforeseen requirements (contingencies) for substantial funds that may not immediately be available from current operations. Initial funding for this fund will be \$60,000, to be transferred from funds currently available in the Replacement Reserve Fund. Additional funding for this account will be from an annual allocation of two (2) percent of Property Owners Annual Assessments.

Use of Restricted Contingency reserve funds will require the unanimous consent of the full board. Authorized signers on this account will be all board members. Any withdrawal or transfer of funds from the account will require two signatures, one of which must be the Board President. Any use of these funds will be reported to PVCA members and ratified at the next regular Board meeting if not already done.

Funds for both of these reserve funds will be placed in FDIC insured bank accounts.

If circumstances permit, the Board may, at its discretion add or transfer additional funds to either or both of these accounts.

In reference to the Declarations of Uniform Protective Covenants for Pendaries Village Page A-6 Covenant 7. General Prohibitions and Requirements. (f) Reads: Commercial signs, billboards and advertising structures of any kind are prohibited except for signage approved by the Board

16. The Board approves of commercial/private real estate signage of standard size (20' x 28") to be placed on any property for sale. One sign per property, with no directional signage allowed within the Association boundaries. All other signage on private property is limited to 20" x 28" and must be approved by the board. Any signs not meeting these requirements will result in a fine to the property owner of \$250.00 one week after the second weeks certified mail notice. The fine will increase by \$250.00 every thirty days thereafter until the sign meets the stated requirements. Reference Covenant 7. (f) Uniform Protective Covenants for Pendaries Village Page A-6.

17. PVCA Policy on Communications

Minutes of Board meetings are available for any property owner wanting to read them once they have been formally approved by the Board of Directors.

Individuals who want to read past minutes should call the PVCA office to set up a convenient time to review documents.

All information pertaining to PVCA business operations is proprietary and is the exclusive property of PVCA. Current records may be retained by committees or individuals until an assigned project is completed, but not to exceed one year.

Obtaining proprietary information by an unauthorized employee, property owner, guest or vendor is a violation of PVCA policy. It is the responsibility of management and every employee to safeguard proprietary information. The Board of Directors and the General Manager are authorized to have unlimited access to all proprietary information. Requests for information from managers, supervisors, committee members, and special study groups will be granted on a “need to know” basis and must be cleared through the General Manager or the Board President.

Included in the categories of public discourse mentioned above are any legal actions, civil or criminal, while under-way or in the course of investigation. Once actions are closed the Board will determine what and how much information can be released for public consumption.

Derogatory and/or negative criticisms of PVCA owners, employees, board members, or any other persons are inappropriate for Board meetings. Town Hall discussions, email communications, and in any public situation where owners and guests are present. By law, the PVCA can reserve the right to refuse service to customers who are causing trouble or being disruptive and the employees will be empowered to implement this right. When involving a property owner, these incidents will be directly addressed with the violating owner by the PVCA board up to and including legal action.

If a property owner has a problem or complaint that cannot be quickly and courteously resolved by a PVCA employee, the complaint should be directed privately to the appropriate PVCA business unit manager or to any member of the Board of Directors. When an unresolved problem is reported to the business unit manager and/or member of the PVCA Board of Directors, it will be investigated and resolved as quickly as possible.

Approved May 11, 2006

Revised and Approved December 13, 2007

Revised and Approved July 2014

Revised and Approved August 7, 2015

18. PVCA Bartering Policy

Rather than procuring goods or services for cash it may sometimes be possible or even preferable for PVCA to obtain those goods or services in exchange for services we offer. This is known as bartering and this policy is established to provide guidelines for entering into such transactions. Exchange of unused PVCA resources can result in obtaining resources or benefits not otherwise available to PVCA because of financial considerations.

In such cases the underlying cost to PVCA is minimal because if the unused capacity is not otherwise utilized, we have basically acquired something we need for minimal cost.

Consideration exchanged by PVCA in such transactions would typically be granting access to the use of PVCA assets. Unused lodge rooms and golf tee times are examples of such. Consideration received could be almost anything. In all such exchanges PVCA should be assured of obtaining value at least equal to the value of that exchanged and recognition of the financial consequences of such exchanges should always be recorded in PVCA financial statements.

In all cases, due consideration must be given to all applicable Federal or State laws and/or regulations. The General Manager has sole authority to approve or reject any bartering agreements and will report same to the Board. All such exchanges should be at arm's length and absent of conflicts of interest. No Board member will participate in bartering.

19. Fire Pits

Pursuant to the PVCA Declarations (Covenants) Section 9, Architectural and Environmental (A&E) Control Committee. Effective with the Board of Directors' date of approval of this Standing Order, the following shall be in effect.

- A. Any property owner desiring to install and/or construct an external fire pit on their property shall apply for and receive the A&E Committee's approval for the design and construction plan prior to beginning any installation, construction, or use. Design and construction elements shall include:
 - Stone, block, or earthen berm, at least 12 inches high surrounding the pit, placed at least 12 inches away from the intended burn area.
 - Propane fire logs preferred, buried propane line, tank at least 15 feet from the pit.
 - Wood burning pit allowed if covered with a mesh wire hood over the fire.
 - For wood burning pit, recommend using a complete commercial metal bowl and hood.
 - Water source and shovel must be immediately available next to the fire pit.
 - Grass must be mowed short within 15 feet of the fire pit.
 - Pit location must be no closer than 15 feet from any type of flammable materials, such as trees, deck, firewood stack, etc.
 - An adult (18 years of age or older) must be present at the fire pit when a fire is burning.
- B. Any property owner with an existing fire pit of any type at the date of this Standing Order's approval must contact the A&E Committee to request an on-site evaluation as to
- C. The acceptability and safety of the pit. The A&E Committee may require modifications before further use is allowed, pursuant to the requirements listed in A. above.
- D. Wood fires must be thoroughly burned and/or extinguished prior to leaving the burn pit for the day/evening.
- E. All liability for injury to persons or property during or after use of a residential fire pit is the full responsibility of the property owner.
- F. All property owners must comply with all County Fire Restrictions and/or District Restrictions when activated for Smoking, Campfires, Open Fires, or Equipment Usage.
- G. Penalties and prosecution for non-compliance is governed by the **New Mexico Administrative Code and State Statutes 19.20.3.10.**

Penalties: Violation of this Part is a MISDEMEANOR punishable by a fine of not more than one thousand dollars (\$1,000.00) or by imprisonment in the county jail not to exceed one year or both for each and every violation pursuant to Section 68-2-17 NMSA 1978.

30321. Fires Extinguished by Officers Responsibility for Costs.

- A. As used in this section, “forest fire” means a fire burning uncontrolled on lands covered wholly or in part by timber, brush, grass, grain, or other inflammable vegetation.
- B. A person who willfully or recklessly sets a forest fire or causes a forest fire to be set for which efforts to control or extinguish the fire are exerted by the forestry division

of the energy, minerals and natural resources department, a county or municipality, or any fire protection agency of the United States may be liable for the costs incurred, including expenses for fighting the fire and costs of investigation.

30323. Arrest for Violations

All peace officers of the state, including department of game and fish conservation officers, have the power to make arrests on warrant issued by any magistrate of the state for violation of any of the state forest fire laws, including Chapter 68, Article 2 NMSA 1978, rules implementing Chapter 68, Article 2 NMSA 1978 or fire restrictions issued pursuant to such rules, or without warrant for violations of those laws committed in their presence, and shall not be liable to civil action for trespass for acts done in the discharge of their duties.

Approved June 20, 2015

20. Lot Consolidation Policy

Standing Order 20 rescinded, February 4, 2019.

21. Property Contribution Policy

PVCA can take property back for a fee. Eligible properties must be current on assessments and have no other significant outstanding financial obligations or liens. Each negotiation shall be conducted by the General Manager and approved by the Board.

PVCA ARCHITECTURAL & ENVIRONMENTAL REQUIREMENTS

The Covenants of the Pendaries Village Community Association are binding on all owners and require that the Architectural & Environmental Control Committee (A & E Committee) administer Covenant requirements pertaining to new construction and remodeling.

The A & E Committee has the responsibility to insure compliance with all federal, state, county and PVCA rules and regulations. All of these are designed to protect your property values. The complete A&E requirements are standing orders and are included in this Homeowner's Handbook.

Failure to exercise design review properly can foster misunderstanding and controversy among the homeowners, inconsistencies and unfairness in treatment, a plethora of real or imagined violations, a series of expensive and protracted court cases. Additionally, the association and its members may suffer property value losses if design review is absent, ineffective, or not uniformly and consistently enforced.

Design review has an impact on everyone who has a vested interest – directly or indirectly in community associations. Homeowners are affected most directly and for the longest period of time. But builders and lenders are also affected. They are concerned with the continuing quality of the project, not only during the marketing phase, but as long as their reputations and their loans are involved in the community. Public officials are also concerned with the design review process because it can enhance taxable property values with a community. Professional colleagues, through the initial drafting of governing documents, creation of organizational systems and day to day advice and management, have direct involvement and considerable responsibility for the success or failure of design review in a particular community.

As volunteers, the A&E Committee is interested in making your building experience as enjoyable as possible. However, as with any planned community there are various requirements that must be met by each new homeowner. Therefore, the following information is provided to assist you in your building or remodeling process. Please read them carefully. If you have any questions, call one of the A&E Committee members listed below.

Randy Dominguez
Mike Perkins

Susan Grohman

Jeff Webb

ARCHITECTURAL AND ENVIRONMENTAL REQUIREMENTS

You should have received a copy of the Covenants, By-laws and Standing Orders, all within the Property Owner Handbook when you purchased property within Pendaries Village. If you do not have a copy, request one from the PVCA office immediately as the Covenants and Standing Orders contain numerous requirements in addition to those specified in these Construction and Remodeling Guidelines. Structures commonly known as mobile homes, single-wides, double-wides, or manufactured homes are not allowed. Also not allowed are modular homes, those constructed in sections in a manufacturing facility, then transported for installation. Dwellings must be constructed on site. These Construction and Remodeling guidelines are designed to prevent problems and make your construction experience enjoyable.

To: Architectural & Environmental Control Committee

- We have a copy of the PVCA Covenants,
- We understand that PVCA assessments must be paid in a timely manner, and
- We have the necessary financing to complete construction.

We the undersigned have submitted plans and specifications for construction of a single family dwelling within Pendaries Village and expressly bind ourselves to:

1. Comply with the requirements of appropriate official state and local agencies, and include identifications as Township 19, Range 15, Pendaries Subdivision_____, Lot_____.
2. Construct the dwelling in accordance with plans and specifications approved by the Committee.
3. Secure verification from the PVCA office that our lot is on a PVCA accepted road and that normal PVCA services are available.
4. Recognize that the PVCA road easement is 10 feet, and the easement on the other 3 sides is 7.5 feet.
5. Construct a single-family dwelling containing a minimum of 1, 250 square feet of fully enclosed floor area devoted to, and usable as, living space. Living space is defined as space normally devoted to day to day living in the dwelling and does not include attics, crawl spaces, low ceiling lofts, roofed or unroofed porches, terraces, garages, carports, or other buildings.
6. Submit to the Committee for approval such plans and specifications as the Committee shall request, and shall be submitted to the Committee at least 30 days prior to the time any earth is moved or construction materials are delivered to the lot. Committee approval will only be granted following approval by the New Mexico Construction Industries Division. Any subsequent changes must be submitted to the Committee at 5 working days prior to changes being allowed and must also comply with all applicable requirements of the Covenants., the Board, the Committee and state and local regulatory agencies. Plans and specifications shall include:
 - A. A plot plan of the lot showing buildable space, contour lines, the location of all proposed utility installation, and such other information as the Committee shall require,
 - B. Floor plans,
 - C. Drawing showing all elevations of structures,
 - D. *(left blank in preceding iterations of this documents)*
 - E. Description of exterior materials and color with samples,
 - F. Working drawings and construction specifications of all structures,
 - G. Description of provisions for landscaping and for stabilizing slopes during and after construction, and
 - H. The proposed construction schedule.
fire prevention measure.

7. Seriously consider propane or other fire resistant roofing material as a fire prevention measure.
8. Seriously consider installing a centrally monitored security system. Reductions in insurance premiums largely offset monthly monitoring costs.
9. Proceed with construction as soon as practical after receiving approval from the Committee.
10. Remove trees from immediate dwelling area as a basic fire prevention measure.
11. Complete construction of the foundation and all exterior surfaces within 12 months from the date of initial earthmoving.
12. Request Committee approval prior to any alterations or modifications of the approved plans and specifications.
13. Have the PVCA Maintenance Supervisor inspect and approve the following specific items and installation procedures, all of which will be at the owner's expense.
 - a. Entry to the water main must be with a 1-inch self-tapping mount on top of the water main.
 - b. The 1-inch water line from the water main to the 200-PSI ball-type shut-off valve located just inside the ten foot road easement must be encased in a larger size pipe and bedded in 1 foot clean packed sand, and covered in a like manner. No telephone, electric wires or trash of any kind may share the water trench.
 - c. A Woodford-type, freeze-proof faucet with the outlet approximately 3 feet above ground must be placed on your property as close to the road easement as possible.
 - d. In the water line just inside the dwelling, there must be an additional 200-PSI ball-type shut-off valve, followed by a pressure reducing valve to lower the inside water pressure to no more than 50-PSI.
 - e. A culvert, if necessary to allow access to your lot without interfering with proper road drainage.
14. Clearly mark the building site identifying property lines and flag for:
 - a. The dwelling outline and separate garage (if any)
 - b. The drainage line, septic tank, leach field and driveway. If sufficient room is not available for a leach field, a leach pit may be used if set forth in the plans and approved by the New Mexico Environmental Department, and
 - c. The propane tank (if any) which must be placed at least 10 feet from any structure or roadway and comply with paragraph 7 (i) of the Protective Covenants.
15. Ensure that the contractor has a porta-john and an enclosed dumpster or trailer at the building site prior to commencement of construction. If trash is not properly contained, Pendaries Maintenance will clean the area and bill the owner and the contractor.
16. Receive a Certificate of Occupancy from the New Mexico Construction Industries Commission prior to inhabiting the dwelling.
17. With the written consent of the Committee indicating construction and location, a chain link dog run and gate not to exceed 6 feet by 30 feet for a total of 180 square feet may be constructed. The height shall be sufficient to contain the dog at all times. Such approval shall not invalidate applicable utility easements and such fence or enclosure remains subject to removal under said easement.
18. Each Owner or agent thereof shall pay \$1000.00 Filing and Inspection fee at the time plans and specifications are submitted to the A & E Committee. The A & E Committee shall provide at least four (4) inspections during the construction project assure compliance with PVCA Covenants, A & E Requirements, and plans and specifications as submitted to the A & E Committee.

19. Pay a \$500.00 charge for the water tap or connection to the PVMD water system.

We understand that failure to comply with Committee requirements or other covenant requirements may be remedied by the PVCA Board of Directors and will depend on the nature of the violations. We further understand that the Board at its option has the right to complete the exterior of any structure in accordance with the approved plans at owner's expense, or remove the uncompleted structure and add the cost to the annual assessment, or seek other relief in the New Mexico District court.

Property Owners Signatures

Date_____

For the A & E Committee

Date_____

Date_____

PVCA GOLF PROGRAM

The following rules and regulations constitute the Board adopted Standing Orders relative to the use of the Pendaries Golf Course and Driving Range by both members (those who pay the annual golf membership fees established by the Board), and all other golfers. This document also includes the privileges associated with being a member.

Member Related Green Fees

- Family members and houseguests of members are eligible for a 20% discount on green fees only when playing with the member.
- Guests are welcome to play additional rounds on the same day, on a space available basis, by paying additional cart fees only.
- Waiver of green fees for a tournament will be at the discretion of the PVCA Board upon the recommendation of the Pendaries Golf Pro. The following criteria must be met: at least \$500 is spent at the Pro Shop; tournament will benefit Pendaries; and meals and beverages are purchased at the Pendaries Restaurant or the Caddy Shack.
- Member's children or grandchildren under age 21 play free. Member must supply a list of names of children or grandchildren in this category with their membership renewal or application.
- All green fees include the use of a golf cart. The use of privately owned carts is permitted on the golf course, but there will be no discount in membership or daily green fees for privately owned carts.

Refunds. There will be no refunds once a guest has begun play. Rain checks will be issued when appropriate. The rain checks will be good for one year from their date of issue. Rain checks are issued thusly: 1-4 holes played, 18-hole rain check; 5-13 holes played, 9-hole rain check; and 14 or more holes played, no rain check.

Carts. Rentals are subject to fees as posted. **Members and daily play guests should share riding in golf carts whenever possible to lessen wear on the golf course.**

Solicitations. Non-golf related solicitations and advertisements will not be permitted in the Pro Shop or Caddy Shack. The Golf Pro or Caddy Shack management, as appropriate, must approve Pendaries real estate information before it may be displayed.

TeeTimes. Tee times are blocked off for members from 9:00 a.m. to 10:00 a.m. daily, with a 24-hour notice. Members are encouraged to make their tee times several days ahead of play, if possible. The Pro Shop may make these times available to paying guests when member play is light.

Alcohol Policy. PVCA has a full service New Mexico liquor license. In accordance with State legal requirements, **only** alcoholic beverages that were purchased from PVCA are permitted on the golf course. Members in violation may have their membership canceled, provided, however, PVCA management may issue written warnings for initial violations.*

Golf Course Marshall. The Course Marshall has the authority to control play by requiring a group of golfers who have an open hole ahead of them to pick up and move forward, or stop play and wait until the group behind them has played through. The Marshall also has the authority to enforce all golf course and golf driving range regulations, which include but are not limited to the following:

GOLF COURSE REGULATIONS

The following rules regulate play at Pendaries Golf Course:

- Every golfer is required to register in the Pro Shop before play.
- No cart should get closer than 40 feet from any green.
- Golf carts allowed in fairway only using 90-degree rule.
- No cart allowed in roped or marked areas.
- Each player must have a bag of clubs.
- No driver may operate a PVCA owned cart unless they are 16 years of age.*
- No six-somes will be permitted. Five-somes must have permission from the Pro Shop.
- Hitting practice ball to any green is not allowed.
- Only two riders are allowed in a golf cart.
- Time of play should not exceed 2 hours for 9 holes or 4.25 hours for 18 holes.
- Players are allowed 5 minutes between nines.
- No short shorts or tank tops are allowed on the golf course.
- No member is allowed to begin play from his/her home, or on the back nine without prior permission from the Pro Shop.
- Members violating the prohibition against allowing dogs on the golf course will be subjected to a fine. An initial violation will be subject to a \$25 fine and each subsequent violation will be increased by \$25, provided, however, PVCA management may issue written warnings for initial violations.*
- All members are subject to the same rules concerning golf etiquette and the use of golf carts as our Pendaries guests.

GOLF RANGE REGULATIONS

- Purchase tokens at Pro Shop.
- Only hit from designated teeing areas. Teeing areas are defined by the tee markers or if they are not present, please, use mats provided.
- Be sure your hitting path is clear before hitting.
- Make every attempt to keep the ball within the boundary of the range.
- Park cars well away from hitting areas.
- Please, leave all range equipment on the range. Balls not hit or range buckets should never leave the range. Please, do not use range balls on the golf course.

Alcohol, dog, & cart operation policies are strictly enforced. Members in violation of the alcohol policy may have their membership canceled and fees will be refunded on a pro rata basis. Non-members will be restricted from playing on the golf course.

PENDARIES DOG OWNER POLICY

Reference: Declaration of Uniform Protective Covenants for Pendaries Village, items 7. (e) and (k).

1. Dogs are permitted on roads, common areas and open spaces (The golf course is specifically excluded). Dogs must be under the control of their owner by physical or electronic leash when not on owner's property. Dogs must not be allowed to roam free in Pendaries common areas.
2. Dogs, other than certified service/assistance dogs, must not be taken into locations where food is served (Restaurant, Bar, Conference Center, or Snack Bar). Doing so would violate New Mexico Department of Health regulations and could jeopardize Pendaries' food service and/or liquor license.
3. Dogs must not pose a nuisance to their neighbors by frequent barking.
4. Dogs must not by aggressive actions pose a threat to persons or other dogs. Dog owners are responsible for aggressive actions of their dogs not restrained within their property.
5. Owners must clean up after their dog. This applies to all common areas and private property.
6. Dog run design and placement must be approved by the Pendaries A&E Committee.

COMPLAINT/ CORRECTIVE ACTION PROCEDURES

Any Pendaries property owner may file a written complaint with the General Manager about a violation of any of the above stated rules.

After receiving a complaint the General Manager will investigate the matter and take corrective action as follows:

- (a) The General Manager will speak with the complainant and the offending dog owner to verify the facts.
- (b) If the complaint appears to be valid, the General Manager will review the Pendaries Dog Owner Policy with the offending dog owner and request their compliance.
- (c) After a valid second complaint of noncompliance, the General Manager will notify the offending dog owner in writing that the matter must be resolved promptly.
- (d) If written notification does not result in compliance, a fine of \$50 will be assessed against the offending dog owner. If not paid within three (3) months, a lien will be filed against the owner's Pendaries property.
- (e) Successive complaints will result in additional fines and lien filings and the San Miguel County Animal Control will be called to take appropriate action.
- (f) An appeal of any action taken regarding this Standing Order may be filed in writing via the General Manager to the PVCA Board of Directors.

Bylaws
Of the
Pendaries Village
Mutual Domestic Water Consumers Association

A non-profit association formed under the Sanitary Projects Act
(SPA) § 3-29-1 through 3-29-21 NMSA (1978).

Resolution

Whereas, the members of the Pendaries Village Mutual Domestic Water Consumers Association, hereafter referred to as the Association, desire to create Bylaws for the benefit of the Association, and

As stated in the SPA, Bylaws and all amendments thereof must be approved by a majority vote of a quorum of the membership and must be filed with the New Mexico Public Regulation Commission (PRC), and

If any provision of the Bylaws and/or Articles of Incorporation contradict one another, the latest document amended, as approved by the membership, will prevail. The membership must take the necessary steps to amend the document needing amendment to reconcile any contradictions.

Now, therefore be it resolved that these Bylaws were adopted by the membership of the Association on August 18, 2012 and read as follows:

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ARTICLE I

Name, Objectives, Purposes, Principal Place of Business

The corporate name is Pendaries Village Mutual Domestic Water Consumers Association (hereafter referred to as, the Association). The objectives and purposes of this Association shall be as stated and provided in the Articles of Incorporation. The principal office of the Association shall be located in San Miguel County, New Mexico. The address of the registered office, P. O. Box 863, Rociada, NM 87742, may be changed from time to time as provided by law.

ARTICLE II

Seal

The Seal of this Association shall be in the form of a circle and shall have inscribed in it the name of the Association, the words "A Mutual Domestic Association," and the date of original incorporation, June 10, 2012. The Secretary of the Association shall have custody of the seal.

ARTICLE III

Fiscal Year

The fiscal year of the Association shall begin on the first day of November of each year.

ARTICLE IV

Membership

4.1. Membership Qualification and Type

4.1.1 The holding of a deed of trust, warranty deed, special warranty deed, tax deed, quitclaim deed or any other legally recognized property ownership instrument for one or more improved or unimproved Pendaries Village residential lot, carries consequent and automatic membership in the Association and agreement by the owners to comply with the Articles, Bylaws and Rules and Regulations of the Association. Only one membership shall be issued to any lot owner, regardless of number of lots owned. Lots in joint ownership shall receive but one Membership Certificate.

4.1.2 Copies of property ownership documents that include a legal description of such, filed in the San Miguel County Clerk's office, shall be provided to the Association. Members with service connections shall execute a Water Service Agreement with the Association. All PVCA members are automatically members of the Association.

4.1.3 Married persons shall own a single membership jointly as community property or one of the spouses may own the membership as their sole and separate property.

4.1.4. Co-tenants, joint owners, estates or trustee ownership of a tract of land shall own a single membership.

4.1.5 To preserve the one vote per membership principal, in the case of a membership where there is more than one individual owner of a tract of land, or an entity that owns the property, each multiply-owned or entity owned membership shall designate in writing to the Association a single individual to act as their official representative, who shall be entitled to one (1) vote for the entity or single membership. All actions taken by the designated member shall be binding on all owners of the property.

4.1.6 Membership in the Association shall not be denied because of the applicant's race, color, creed, national origin or sex.

4.2 Additional Service Connections, Construction Criteria, New Membership Application, Service to Non-members, Eminent Domain

4.2.1 Owners of property adjacent to and/or reasonably accessible to Pendaries Village boundaries and water distribution lines may apply for membership in the Association as prescribed by Association Rules and Regulations. Such membership applications shall be considered, provided that the Association has adequate infrastructure capacity to meet the needs of current Members, and the Association has determined that such new service connections shall not cause undue hardship to current members of the Association. All expenses associated with the new connections shall be paid by the applicant and the applicant shall comply with the Association's Articles of Incorporation, Bylaws, and Rules and Regulations.

4.2.2 Should a subdivision in addition to Pendaries Village seek to have its owners become members of the Association, then all owners of tracts within such subdivision shall be required to become members of the Association subject to these Bylaws and all regularly adopted Rules and Regulations.

4.2.3 All service connections to the Association system shall meet Association construction standards. All service connections requiring distribution line extension shall be paid for by the applicant unless public funding has been approved including such connection within the stated scope of such project.

4.2.4. Members are prohibited from permitting non-members to draw water from Association water lines for use away from the property. Members may be restricted in their use of water for exterior watering of plants during periods of low water availability. Such restrictions are described in Association Rules and Regulations. Domestic usage shall have priority over other uses.

4.2.5 The Association Board of Directors may approve instances of domestic water sale to non-members by contract, and/or court stipulation when such sale will not jeopardize water service to members.

4.2.6 The Association, acting through its Board of Directors, may exercise the right of eminent domain to take and acquire the necessary property or rights of way for the construction, maintenance and operation of water lines and related facilities. The Association shall exercise this right in the manner provided by the New Mexico Eminent Domain Code.

4.3 Rights Privileges and Obligations of Members

4.3.1 The rights, privileges and obligations of all members of this Association shall be equal. Members shall not have any individual legal interest or ownership in the assets of the Association, which may include land, water supplies, wells, well houses, pumping equipment, water storage tanks, system meters, and all water system distribution lines up to and including the service connections at each member's property.

4.3.2 Each member shall be responsible for maintaining all water lines within member's property from the point of the service connection, as well as plumbing fixtures on the member's property. Each member shall promptly repair all water leaks or damaged pipes on member's property in accordance with Association Rules and Regulations

4.4 Voting

4.4.1 Each member shall be entitled to one vote and only one vote on each matter submitted for a vote at a meeting of the members or by mail regardless of the number of water service connections held in a member's name.

4.4.2 No member shall be permitted to vote in any election unless he/she is a Member in Good Standing.

4.4.3 Voting by proxy shall not be permitted in any matter.

4.4.4 In all matters submitted to the members for a vote, the outcome shall be determined based on the votes of a simple majority of a quorum of the members of the Association.

4.5 Election of Directors.

4.5.1 Declaration Period. Sixty (60) days prior to the Association Annual Meeting ("Declaration Period"), Members shall be notified of the number of vacancies on the Association Board of Directors and of the requirements, procedures, and time lines for declaration of candidacy for one of these positions. Candidates must submit a written declaration of his/her intent to run for an open Association Board of Director position, along with a short statement including his/her qualifications and reasons for wishing to serve on the Board. No Member who is an employee of the Association or PVCA is eligible to hold the office of Board Member.

4.5.2 Joint Declaration with Pendaries Village Community Association (PVCA). Any person declaring their intention to run for a position on the Association Board of Directors, shall also declare their intention to run for a position on the PVCA Board of Directors. Failure to declare for positions in both Associations shall make the declaration for the Association Board invalid.

4.5.3 Qualified Candidates. In the event there are no more declared, qualified candidates for board positions than the number of vacancies on the Board as set forth in paragraph 4.5.1 above, the voting procedures as outlined in the following paragraphs 4.5.4, 4.5.5, 4.5.6 and 4.5.7 shall be aborted.

4.5.4 Balloting procedure. Approximately thirty (30) days prior to the Association Annual Meeting, the ballot, candidates' statements and an election Procedural Document as approved by the Board shall be provided to all Members at their last known address on the records of the Association. Completed ballots must be received in the manner prescribed in the Procedural Document prior to 2:00 o'clock pm on the Friday immediately prior to the Annual Meeting. No ballots shall be accepted after this deadline.

4.5.5 Vote Validation Committee. The Board shall establish a vote Validation Committee consisting of a Chairperson appointed by the Board and an Association Member representative appointed in writing by each candidate. The sole purpose of the Validation Committee is to work with the PVCA/Association Manager or his/her designee to verify the eligibility of all Member voters.

4.5.6 Tallying of Ballots. At 2:00pm on the Friday immediately prior to the Association Annual Meeting, the Chairman of the Validation Committee shall pick up the sealed ballots and deliver them to an independent party named by the Board to tally the votes. The Validation Committee Chairperson shall remain available during the tallying process to answer any questions that might arise as the ballots are counted, but will not participate in any way in the tallying process.

4.5.7 Announcement of Election Results. At the opening of the Annual Meeting, the Validation Committee Chairperson shall provide the Association Board President with a sealed envelope containing a tally summary sheet of votes received by each candidate and signed by the person who performed the tallying. The President shall open the envelope and announce the election results during the Annual Meeting.

4.5.8 Insufficient Declared Candidates. Should no candidate(s), or an insufficient number of candidates to fill the open Board positions, file declarations for open Board position(s) during the Nominating Period, or should all candidates withdraw from the election prior to the announcement of the election winners at the Annual Meeting, then after the Annual Meeting, the President of the Board shall nominate a person or persons to fill the vacant Director position(s). The remaining Board Members shall confirm or refuse to confirm such nomination(s) by a majority vote of the existing Board Members.

If the remaining Board Members refuse to confirm the nomination(s), then the Board President shall nominate additional Members who shall then be considered for confirmation by the Board to fill the vacant Board of Director positions. By this process, the open Board positions shall be filled. Once nominations are confirmed, then these Directors are thereby appointed to serve for the remainder of that Board position's term.

4.6 Vacancy on the Board Through Resignation or Removal

When a vacancy occurs on the Board through resignation or removal, that vacancy shall be filled by a majority vote of the remaining Directors for the remainder of the term of that Board position.

Should the remaining Directors be unable to fill the vacancy by a majority vote before the date of the Annual Membership Meeting, the following process will be used:

The candidate (s) receiving the most votes in the election will fill the full term (three year) Board positions. The candidate receiving the most votes after the full-term positions are determined will fill the remainder of the term of the vacated Board position.

4.7 Bylaws

Voting for the initial adoption of Association Bylaws in conjunction with the first Annual Meeting and any subsequent amendments to the Association Bylaws shall take place by mail as described in 4.4 and in Article X.

4.8 Form of Membership Certificate

The Board of Directors shall determine the form of membership certificate that must include a legal description of the properties to which the membership is attached. A copy of the Membership Certificate issued to each member shall be retained in the Association Membership Book. The president of the Board shall sign the certificate and the Secretary of the Association shall attest and impress the seal of the Association.

4.9 Membership Book/Record

As a part of the records of the Association, there shall be kept an official Association Membership Book which shall contain copies of all Membership Certificates and a record of same. The record shall include member's name, address, the certificate number, and date of issue, number and location of service.

4.10 Transfer of Membership

4.10.1 Memberships may be transferred with the land to a new property owner upon G-7

presentation of demonstration of property conveyance by appropriate instrument filed in the San Miguel County Clerk's office. Any indebtedness to the Association shall be paid in full prior to the issuance of a new Membership Certificate. Upon such issuance the previous Membership Certificate shall be terminated.

4.10.2 In cases where multiple lots are held by a Member, each lot may be separately sold and removed from a Member's Certificate and transferred to a new Member under the stipulations described above.

4.11 Member in Good Standing

4.11.1 Members of the Association have the obligation to keep their membership in Good Standing so that the Association operates in the best manner possible to have safe drinking water available for all member consumers. Members wishing to serve on the Board of Directors must be Members in Good Standing. Good Standing is defined as:

4.11.2. being current in all payments due to the Association, including but not limited to assessments, fees or other billings per the protocol described in the Rules and Regulations;

4.11.3 Keeping all member-owned, on-property water distribution lines in good working order.

4.12 Termination of Water Service

4.12.1 The Board of Directors shall have the authority to terminate the delivery of water and or service to a Member who fails to pay water fees and/or for other causes as stated in the Rules and Regulations of the Association. The Board shall act after a written notice of delinquency has been sent to the Member by certified mail, return receipt requested

4.12.2 Water service will be resumed to a member delinquent in payment of fees upon payment of all owed monies and compliance with Association Bylaws and Rules and Regulations.

4.12.3 The Board must collect any amount due to the Association from a member delinquent in payment of accounts. In accordance with the Sanitary Projects Act (SPA NMSA 1978 §3-29-6C), the Board may place a lien on the property in the manner provided by the laws of the State of New Mexico to recover delinquent amounts owed.

ARTICLE V

Meetings of Members

5.1 Annual Membership Meeting

5.1.1 The purposes of the Annual Meeting are to announce the winners of the by mail Board of Directors election, the result of the vote to adopt the initial Association Bylaws or any amendments thereto in subsequent Annual Meetings, to provide reports to the members by the officers regarding revenue, overall financial condition, condition of the water system, presentation of the coming year's rate structure, reports, such as Consumers Confidence Report, and to transact such other such business as may properly come before the members.

5.1.2 At the conclusion of the Annual Meeting all Board members will meet briefly to choose officers for the year: President, Vice-president, Secretary, and Treasurer at large member each of whom shall hold the office through the next Annual Meeting unless removed by death, resignation or for cause. The new Board shall hold a regular meeting no more than thirty (30) days after the Annual Meeting.

5.1.3 The Annual Meeting shall be held on the third Saturday of each August of each year.

5.2 Special Meetings

Special meetings of the Association may be called at any time by the President, or upon a resolution of a majority of the Board of Directors, or by a written petition to the Board of Directors signed by five (5) percent of the members. The purpose of any special meeting shall be stated in the notice thereof, and no business shall be transacted except such as is specified in the notice.

5.3. Notice of Meetings

Notice of all meetings shall follow the Open Meeting Act (OMA – NMSA 1978 § 10-15-1 to 10-15-4). All notices shall state the nature, time, place, and purpose of the meeting. Unless otherwise specified in the OMA resolution adopted annually by the Board, notice will be given as follows:

5.3.1. Annual Meeting All members shall be notified of the meeting by first class mail to addresses of record postmarked no less than sixty (60) days prior to each annual meeting.

5.3.2 Special Meetings All members shall be notified of the meeting by first class mail to addresses of record postmarked no less than seven (7) days prior to the meeting.

5.3.3 Emergency Meeting All members shall be notified through maintained email and phone tree lists no less than one (1) day prior to the meeting.

5.3.4 The failure of any member to receive notice of an Annual, Special or Emergency Meeting shall not invalidate any action that may be taken by the Members at such meeting.

5.4 Quorum

5.4.1 Five percent (5%) of the total membership, present at a meeting of the Association or voting by mail, shall constitute a quorum for the transaction of business. If a quorum is present, unless otherwise provided by law, the affirmative vote of a majority of the members at the meeting entitled to vote on the subject matter shall be the act of the members. After a quorum has been established, the subsequent withdrawal of members shall not affect the validity of any action taken at the meeting subsequent to such withdrawal.

5.4.2 If less than a quorum is present at any meeting of the members, those present may recess the meeting for up to twenty-four (24) hours in order to secure a quorum.

5.5 Matters for the Membership

5.5.1 The following matters shall require a simple majority affirmative vote of a quorum of the Members of the Association:

5.5.2 Choosing members of the Board of Directors

5.5.3 Adopting an amendment or amendments to the Articles of Incorporation or Bylaws.

5.5.4 Authorizing the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Association, not in the usual and regular course of business.

5.5.5 Approving a plan of merger, consolidation, or exchange that is required to be approved by the Members.

5.5.6 Adopting a resolution submitted by the Board of Directors to dissolve the Association.

5.5.7 Adopting a resolution submitted by the Board of Directors to revoke voluntary dissolution proceedings.

5.5.8 Authorizing the sale, lease, exchange or other disposition of the water rights.

Article VI

Directors of the Association

6.1 Powers and Functions of the Board of Directors

6.1.1 Board of five directors shall discharge the requirements of and comply with the Articles of Incorporation, these Bylaws and the Association's Rules and Regulations, and manage the business and affairs of the Association as articulated therein. The Board shall have the general power to act for the Association in any manner not prohibited by Statute or the Articles of Incorporation. The powers and responsibilities of the Board shall not include those conferred or reserved to the Members by law, the Articles of Incorporation, or these Bylaws. The Board has the following responsibilities:

6.1.2. Delegation of authority to officers and/or employees necessary for the management of the Association's business;

6.1.3 Establish policies for guidance of the management of the Association;

6.1.4 Establish policies for best water conservation practices that may be necessary under varying conditions;

6.1.5 Completing and approving an annual budget that includes water charges/rates through established cost analysis procedures and also provides for short-term and long-term infrastructure needs of the Association;

6.1.6 Keep Members fully informed of the business of the Association;

6.1.7 Maintain appropriate records of members and their Member in Good Standing status;

6.1.8 To create and submit financial and other required reports to the appropriate regulatory authorities from time to time as is necessary or required by Federal and State Laws;

6.1.9 The Board is empowered to contract with or otherwise legally delegate specified duties to a private, cooperative, or non-profit entity;

6.1.10 Make and adopt such Rules and Regulations not inconsistent with law, the Articles of Incorporation or these Bylaws, as deemed necessary or advisable for the management, administration and regulation of the business of the Association;

6.1.11 Ensure that the water system is properly operated and maintained to ensure the long-term integrity of the system and the ongoing ability of the system to deliver safe drinking water to its customers that meet all requirements of applicable Federal and State laws and regulations;

6.1.12 Plan for the short-term and long-term infrastructure needs of the water system.

6.2 Term and Eligibility for Board

6.2.1 The term of the Association's Board members is three years, elected in a three year cycle of staggered terms so that in year 1, two (2) members are elected to the Board; in year 2, two (2) members are elected to the Board and in year 3, one (1) member is elected to the Board.

6.2.2 To realize the benefits of continuity in direction and management of the Pendaries water system, the Association Board composition will initially be the four continuing PVCA Board members and one new member elected to the PVCA Board on August 18, 2012.

6.2.3 All Members in Good Standing are encouraged to become a Director with the following exceptions:

6.2.3.1 No more than one immediate family member may serve on the Board at the same time. Immediate family members are defined as: spouse/domestic partner, parent, legal guardian, sibling, brother-or-sister-in-law, mother or father-in-law, son or daughter, step child, son-or-daughter-in-law, grandparents or grandchildren. This restriction extends to Designated Representatives, such that a husband and wife would both be ineligible to serve as Directors in the event the husband owned a Lot in his name and the wife was another Lot Owner's Designated Representative.

6.2.3.2 Any member who has been convicted of a crime designated under federal and/or state law as a felony or of any crime involving dishonesty or false statement.

6.2.4 Directors are obliged to disclose any actual, potential or perceived conflicts of interest and abstain from both discussion and voting on any issues that come before the Board where conflicts of interest may arise that could result in direct or indirect material or financial benefit to a Board member or his/her immediate family.

6.2.5 Board members are required to attend training stipulated in state rules promulgated under the SPA. The purpose of such training is to help clarify, understand, and/or expand knowledge of their duties and responsibilities as Board members. Travel and related expenses shall be reimbursed by the Association. Other training or professional meeting attendance expenses for some or all of the Board approved by the Board may also be reimbursed. Members shall receive no compensation for their services as Directors.

6.3 Meetings of the Board of Directors

6.3.1 The Board shall hold regular monthly meetings as prescribed in the annually adopted Open Meetings Act Resolution. Board members shall not attend Regular or Special Board Meetings via conference telephone or similar communications equipment. Board Members may attend Executive Meetings via conference telephone or similar communication equipment. If at any time during the meeting the quorum is lost, the Board may continue the meeting, following the approved agenda, but may not take action on any agenda item. All meetings of the Board are open to the Membership and the public as required by the Open Meetings Act.

6.3.2 Special or emergency meetings of the Board may be called by the President or any two (2) Directors, who shall fix the time and place for the meeting. The annually adopted Open Meetings Act Resolution shall govern the required timing, content and location of the requisite notice.

6.4 Removal of a Member of the Board of Directors

A Director who has three (3) unexcused absences of Board Meetings during a Director's Term-year, including regular, special and executive meetings, may be deemed to have resigned by a majority vote of the remaining Board Members. Unexcused absences will be determined by a quorum of the remaining Board members.

6.5 Indemnification of Directors

The Association shall indemnify all Director or former Directors of the Association for reasonable expenses, costs and attorney's fees actually and reasonably incurred by them in connection with the defense of any action, suit or proceeding, civil or criminal, in which they are made a part by reason of being or having been a Director of the Association. The Director shall not be indemnified if he/she shall be adjudged to be liable on the basis that he/she breached or failed to perform duties of the office and the breach or failure to perform constitutes willful misconduct or recklessness.

Article VII

Duties of Board Members and Officers

7.1 Duties of the President

7.1.1 The President shall preside over all meetings of the Association Board of Directors, shall call special meetings of the Board, shall see that all Board orders and policies are implemented, shall sign all legally approved leases, contracts, deeds and other legal documents allowed by the Articles of Incorporation, shall jointly sign, with the Treasurer, all promissory notes and shall sign all Membership certificates.

7.1.2. The President shall be an ex-officio member of all standing committees and shall have such powers and duties as may be properly required of him or her by the Board.

7.1.3 The President shall be responsible for directing and overseeing the activities of the General Manager when such a position exists and is filled.

7.1.4 Report the “State of the Association” at the Annual Meeting.

7.2 Duties of the Vice-president

The Vice-president, in the absence or disability of the President, shall perform the duties of the President. However, in case of death, resignation or long-term disability of the President, the Board may vote to declare the office vacant and elect a successor to fill the remainder of the president’s annual term. The Vice-president may also be assigned special duties by the President.

7.3 Duties of the Secretary

The Secretary, unless otherwise directed by the Board, shall:

7.3.1 Oversee the keeping of a complete record of all meetings and actions of the Association and the Board and assure the accuracy of same in compliance with the Open Meetings Act.

7.3.2 Keep the corporate seal, complete and attest all member certificates issued and other Association documents that may require the seal.

7.3.3 Oversee the keeping of a proper Membership Certificate Book and file per Article 4, Section 6 and assure that Association staff prepares, posts and mails all notices required by law and these Bylaws.

7.3.4. Supplement the President’s “State of the Association” report at the Annual Meeting as required.

7.3.5 Act as the Custodian of Records for the Association and oversees the staff member responsible for preserving records in good order according to law and to make available, upon receipt of a written request in compliance with the Inspection of Public Records act (NMSA 1978

§ 14-2-1 to 1-2-12) and other applicable State Laws. A written request shall provide the name, address and telephone number of the person seeking access to records and shall identify the records sought with reasonable particularity. The Association reserves the right to charge a reasonable fee for copying the documents requested, detailed in the Rules and Regulations.

7.4 Duties of the Treasurer

7.4.1 The Treasurer shall conduct or oversee the execution of all financial matters of Association staff. The Treasurer shall jointly with the President sign all promissory notes; shall cause an annual audit or review of the Association's financial records; shall present the annual budget, approved by the Board, at the Annual Meeting.

7.4.2 The Treasurer and staff members regularly involved with accounts receivable, payable and bookkeeping shall be covered in their performance of financial duties by a surety bond in an amount determined by the Board. The premium for such bond shall be paid by the Association.

7.4.3 The Treasurer and Board shall, in keeping with the system of internal controls, determine and describe in the Policy Manual, which person(s) shall be responsible for the following:

7.4.3.1. Have general charge and supervision of the financial books and records of the Association including all accounts payable and receivable.

7.4.3.2. Make monthly reports to the Board on deviations from budget in all areas.

7.4.3.3 Collect all fees, assessments and monies due the Association and deposit same as designated by the Board.

7.4.3.4 Keep the Association current in all compliance reports and payment schedules.

7.5 Committees

7.5.1 The Board may designate such committees as may be deemed appropriate to conduct special studies or make recommendations to the Board. Committee charges, as developed by the Board, shall be in writing and may require a specified report and/or recommendation within a specified period of time.

7.5.2 Chairpersons, members of any committees and the committees' durations, if *ad hoc*, shall be designated by the Board.

7.6 Other Employees or Agents

7.6.1 The Board of Directors may hire a manager, certified water operator, meter reader, bookkeeper, maintenance staff, agents, contractors, and other personnel essential to the effective operation of the Association.

7.6.2 The Board shall establish personnel policies and procedures for all employees and require or pay for surety bonds where appropriate. Such agents or employees shall be paid a compensation for the performance of their duties in an amount determined by the Board, and paid by the Association.

7.6.3 Employees and agents may be removed from their Association employment at any time by action of the Board of Directors. No immediate family member of a director, as defined in 6.2.3.1, shall be hired as an employee, agent or contractor of the Association.

7.7 Property of the Association

Any property and/or records that belong to the Association which is in the possession of Board members, employees or agents of the Association, must be returned to the Association within ten (10) days of resignation, termination, dismissal or end of term.

7.8 Water in Exchange for Service

No services, contract, employment or easements for the Association may be compensated by reduced water rates, free water, free or reduced hookup fee, etc. Compensation must be in U.S. currency by check and recorded in the books of the Association.

Article VIII

Water Charges, Assessments and Distribution of Services

8.1 Providing Water Services

8.1.1 Water service shall be delivered by the Association only to consumers who are members of the Association as set forth in Association's Bylaws and Rules and Regulations and to contracted or court stipulated consumers. Connections to the Association's distribution lines may only be made by authorized employees or agents of the Association after payment of any fees due and approval of the Board.

8.1.2 A representative of the Association shall have the right, at reasonable hours and after prior notification, to enter upon members' premises for the purpose of inspection and enforcement of state and federal laws including inspection related to unauthorized connections, cross connections, leak detection, line integrity and to draw water samples.

8.2 Establishing a Budget, Rates, Reserve Fund, Borrowing, Assessments

The Board of Directors shall establish a rate schedule, including assessments and fees reviewed and updated annually, to be charged Members for services and/or facilities provided, and to assure that sufficient income shall be generated for the upcoming year to cover all anticipated operating and debt service expenditures. This determination shall be based on the estimated budget for the coming fiscal year that considers the previous year's actual requirements, anticipated infrastructure and equipment replacement/repair needs, debt service, maintenance and administrative personnel costs, contingencies and a Reserve Fund.

8.2.1 The Board shall set fees at a level sufficient to provide for a set percentage of revenue to be placed into a separate Reserve Fund to be used only for infrastructure and equipment replacement, repair, contingency, emergency and sustainability of Association assets.

8.2.2 If at any time prior to the end of a fiscal year, the Board determines that the amount derived, or which shall be derived, from the collection of water fees during that fiscal year shall be insufficient to pay, when due, all costs incident to the operation of the Association:

8.2.3.1 The Board may borrow necessary funds in the manner authorized by the SPA and Articles of Incorporation to be repaid in a timely manner from future annual water fees. And/or,

8.2.3.2. The Board may levy an assessment against each member in the Association, so that the total amount reasonably expected to be borrowed or collected through the assessment will pay all costs incident to the operation of the Association in that fiscal year.

8.2.4 Any water leakage within a member's on-property distribution line shall be repaired as quickly as feasible to prevent water loss. Failure to respond to notifications of water leak¹⁴ result in suspension of water service pending completion of satisfactory repairs as detailed in the Association Rules and Regulations.

8.2.5 Although not a member of the Association, PVCA (or any other subdivision in which its owners are members of the Association), shall be assessed a standby charge for water service on each residential lot that such subdivision holds for sale, in the same manner as members who own undeveloped lots.

8.3 Water Usage by Members

Members are required to safeguard the integrity and quality of the ground water aquifer that supplies the Association's water source. Members are held responsible to use the supplied domestic water in a prudent manner. Unnecessary usage or wasting of water in irrigation or other outdoor use shall not be permitted. Members shall be warned in writing of such abuse. Second or subsequent offenses shall result in a fine levied against the member in such amount as shall be determined by the Board and detailed in the Association Rules and Regulations.

8.4 Water Shortages

8.4.1 In times of domestic water shortage due to heavy demand and/or reduced production the Board shall determine how water rationing rules shall be applied. The following sequence shall govern the delivery of water in such circumstances:

8.4.1.1 Water shall first be delivered for indoor domestic uses within conservation guidelines. Outdoor watering/irrigation/fountain use of any sort may be totally curtailed. Violations are subject to fines as described in Association Rules and Regulations.

8.4.1.2 If sufficient supplies exist, water will be delivered to commercial members and other contracted customers within Association conservation guidelines.

Article IX

Member non-liability

The private property of members shall be exempted from execution or other liability for the debts of the Association and no member shall be individually liable or responsible for any debts or liabilities of the Association.

Article X
Amendments to the Bylaws

10.1 These Bylaws may be repealed or amended by a majority vote of a quorum of the Members receiving and returning a mailed ballot for this purpose.

10.2 These Bylaws may also be amended by a majority vote of a quorum of the members present at any Annual Meeting of the Association or at any Special Meeting of the Association called for that purpose.

10.3 The Members shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the State of New Mexico, or to waive any requirement or any provision for the safety and security of the property and funds of the Association of Members.

We the undersigned Secretary and President of the Pendaries Village MDWCA, an Association existing under the laws of the State of New Mexico, hereby certify that the foregoing is a true and correct copy of the Association Bylaws, together with any and all amendments thereto, as of this 20th day of February, 2014, which were duly adopted by mail vote of the Membership tallied and certified on the 17th day of August, 2012 and amended on the 20th day of February, 2014.

Secretary

Rules and Regulations

of the

Pendaries Village Mutual Domestic

Water Consumers Association

These Rules and Regulations, approved by the Board of Directors on October 17, 2013, provide aid and guidance for the Board of Directors in their actions and decisions.

Each Rule and Regulation contained herein indicates the current procedure for carrying out actions related to Association Bylaws. These Rules and Regulations establish the standards whereby the Board may act in confidence and assurance that present and future actions and decisions will remain consistent and compatible on a fair and equal basis.

These Rules and Regulations are subject to modification as a result of future developments, experience or legal requirements. Any such changes shall be approved by majority vote of the Board of Directors.

If any Rule or Regulation contained herein should conflict with the Articles of Incorporation or Bylaws of the Association those documents shall prevail.

Service Connection and Service Line Extension Fees

1. Connection Fee: Members converting from standby to active service connection status in conjunction with building a home on a previously unimproved lot shall pay a one-time connection fee of \$500 prior to connection.

The Connection Fee also applies to new member applicants approved for service line extension to a home outside the boundary of Pendaries Village.

The Connection Fee also applies to new commercial customer connections to Association service lines.

The Connection Fee does not apply to any active service line connection in place at the date of Incorporation of the Association.

2. Service Connection: The contracted Maintenance Supervisor shall inspect and approve the specific items related to any new service connection, details of which are contained in the Pendaries Village Community Association (PVCA) Architectural & Environmental Requirements, Statement of Compliance (numbered paragraph 13).

3. Reconnection Fee: A member whose active service connection has been suspended for failure to pay billed charges in a timely manner (see **Late Payments** . . .) shall pay in advance, in addition to all overdue fees and interest, if any, due to the Association, a \$50 reconnection fee to be reconnected to an Association water service line.

4. Service Line Extension: When the Board approves an application for a domestic water consumer or a commercial water customer applicant outside the boundary of Pendaries Village that will require extension of a service line, all costs, including but not limited to material, 20 equipment, labor and easements will be borne by the applicant. The Association will execute the project under contract with the applicant. All invoiced costs shall be paid prior to connection to Association service lines.

Upon completion, the ownership of such new infrastructure, and easements therefore, shall be transferred to the Association using forms provided by the Association, attached to which will be complete as-built details of the extension's placement, costs, invoices, etc. The transfer of ownership document will be signed by requesting party and Association President, attested by the Secretary, and notarized.

In addition, the **Connection Fee**, detailed above, will apply.

Water Fee/Assessment/Rate and Billing Schedule

The base New Mexico Gross Receipts tax currently in effect will be added to all fees billed.

1. Residential Member and Commercial Member Connection Fee: \$500.

2. Reconnection Fee: \$50

3. Residential Member, Improved Lot Water Assessment: The flat annual water fee assessment for a service connection to an improved Pendaries Village lot with residence: \$590, payable November 1.

4. Residential Member Unimproved Lot Water Assessment: The flat annual water fee assessment for an unimproved lot in Pendaries Village: \$144, payable November 1.

When a member applies for a building permit to construct a residence on an unimproved lot and convert from an unimproved lot to an improved lot with an active service connection status, the annual assessment for the active service connection "improved lot" shall be effective one year from the date construction commences with prorated active service charged between the end of the one year period and November 1 of the next year.

5. Contractual Water Fee: Rates will be individually negotiated and be due monthly.

Late Payment/Delinquent Account Penalties/Actions

1. All accounts due to the Association are payable within thirty (30) days of billing.
2. Interest will be charged at the rate of 15% per annum on accounts more than ninety (90) days past due.
3. After an account is ninety (90) days overdue, the Association will mail a certified letter to the member informing same that water service will be suspended in thirty (30) days unless payment in full, including interest, is received. Service shall not be suspended less than twenty-four (24) hours prior to an Association holiday or weekend.
4. After an account is more than one hundred twenty (120) days overdue, The Association will mail a certified letter to the member informing same that the Association shall cause a notice of such delinquent fee and a claim of lien created thereby to be recorded in the Office of the County Clerk of San Miguel County, New Mexico in thirty (30) days if payment in full is not received. Annually, an amended lien will be filed if account delinquency continues.
5. After a lien has been filed, upon payment of all delinquent Association fees, plus costs, the Association shall record in the Office of the County Clerk a release of lien with respect to the property.
6. All liens herein provided shall be enforceable by foreclosure proceedings in the manner provided by law for the foreclosure of mortgages and deeds of trust.
7. In addition to collection procedures established in 1.-6. above, the Association may place accounts more than 120 days in arrears with an outside source for collection.

Other Member Responsibilities

1. When notified in person, phone and/or writing by the Association that a member's water line needs repair, a source qualified for the job should be immediately contacted by the member. If a small leak persists beyond seven (7) days the Association will inform the member that if the leak is not repaired within seven (7) days, the Association will engage a repair source and bill the member, adding the charge to the member's account .
2. If a major leak is found in a member's water line causing significant water loss, the Association will notify the member by phone and email and immediately take the necessary action to stop the leak if the member is unable to immediately hire a qualified repair facility. The Association will submit to the member an itemized invoice for costs incurred.
- 3 During periods of water shortage, the Association may notify members by email and mail that outdoor irrigation, watering or fountain use of any sort is not permitted until further notice. If violations are noted, the following fines may be assessed:
 - A. First incidence of a violation will be a written warning. The Association will turn off any unattended watering.
 - B. Second incidence of a violation will carry a \$50 fine. The Association will turn off any unattended watering..
 - C. Third incidence of a violation will carry a \$100 fine. The Association will turn off any unattended watering .

I _____, President of the Pendaries Village Mutual Domestic Water Consumers Association, do hereby certify that the above is a true and correct copy of the Rules and Regulations of the said Association and was approved, or amended, by a majority vote of the Board of Directors on October 17, 2013.

President

Secretary