

BYLAWS
FOR THE
WOODLANDS SUBDIVISION

**BY-LAWS
OF
THE WOODLANDS HOMEOWNERS' ASSOCIATION, INC.**

The By-Laws are made for the purpose of managing the affairs of The Woodlands Homeowners' Association, Inc., a New Mexico non-profit corporation, The Woodlands Restrictions, hereinafter referred to as "Restrictions," as they may be amended from time to time and the Articles of Incorporation of this Corporation.

ARTICLE I

OFFICES

Section 1.01: PRINCIPAL OFFICE.

The Principal office for the transaction of business of the Corporation is hereby fixed and located at 5111 San Mateo NE, Albuquerque in the County of Bernalillo, New Mexico, 87109. The Board of Directors is hereby granted full power and authority to change the place of the principal office to another location within the City of Albuquerque, New Mexico.

ARTICLE II

MEMBERS' MEETINGS

Section 2.01: PLACE OF MEETINGS.

All meetings of the members shall be held within The Woodlands subdivision or at such other place within the City of Albuquerque, New Mexico, as may be designated from time to time by resolution of the Board of Directors by written consent of all members of the Board. During any time no adequate facility is available within the subdivision, the Board may designate a meeting place outside the subdivision but as close thereto as practicable.

Section 2.02: ANNUAL MEETINGS.

The annual meeting of the members shall be held on the 1st Wednesday (day) of December (month) of each year if not a legal holiday, and if a legal holiday, then on the next succeeding business day at the hour of 6:00 P.m., at which time the members shall elect by plurality vote a Board of Directors, consider reports of the affairs of the Corporation, and transact such other business as may properly be brought before the meeting. The date and time of the annual meeting may be changed by Resolution of the Board.

Section 2.03: SPECIAL MEETINGS.

Special meetings of the members, for any purpose or purposes whatsoever, may be called at any time by the President, or by the Board of Directors, or by any two or more members thereof, or by one or more members holding not less than twenty-five percent (25%) of the voting power of the Corporation. During the period the original owner of the Lots in The Woodlands Subdivision, C.J. Mead, Inc., or its successor or assigns, designated in the Articles as the Class II member, holds votes in the Corporation, such meetings may be called by one or more members holding not less than fifteen percent (15%) of the voting power of the Corporation, excluding the Class II member.

Section 2.04: NOTICE OF MEETINGS.

Notice of meetings, annual or special, shall be given in writing to members entitled to vote by the Secretary or the Assistant Secretary, or if there be no such officer, or in a case of his neglect or refusal, by any director or member.

Such notices shall be sent to the members' address appearing on the books of the Corporation, or supplied by him to the Corporation for the purpose of notice, not less than ten (10) days before such meeting.

Notice of any meeting of members shall specify the place, the day and the hour of meeting, and in case of special meeting, in the manner provided by law, shall state the general nature of the business to be transacted.

Notice of the business to be transacted shall also be given for any meeting at which the following matters are to be considered:

1. Lease or transfer of all or substantially all of the Corporation's assets;
2. Merger with another corporation;
3. Amendment of the Restrictions or Articles of Incorporation;
4. Dissolution of the Corporation; or
5. Plans for distribution of assets in connection with dissolution.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of the adjournment or of the business to be

transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

Section 2.05: CONSENT TO MEMBERS' MEETINGS.

The transactions of any meeting of members, however called and noticed, shall be valid as though had at a meeting duly held after regular call and notice if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the members entitled to vote, not present in person or by proxy, sign a written waiver of notice, or a consent to the holding of such meeting, or any approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Any action which may be taken at a meeting of the members, except the approval of agreements to merge or consolidate with other corporations, may be taken without a meeting if authorized by a writing signed by all of the members who would be entitled to vote at a meeting for such purpose, and filed with the Secretary of the Corporation.

Section 2.06: QUORUM.

Members having twenty-five percent (25%) of votes excluding those of the Class II member, either present in person, or represented by proxy, shall be a requisite to and shall constitute a quorum at all meetings of the members for the transaction of business, except as otherwise provided by law, by the Restrictions, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the members, the members entitled to vote, present in person, or by proxy, shall have power to adjourn the meeting from time to time, to a date not less than five (5) or more than thirty (30) days from the date of the adjourned meeting, until the requisite number of votes shall be present. At such adjourned meeting at which the requisite number of votes shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.07: VOTING RIGHTS; CUMULATIVE VOTING.

Only members whose names stand on the records of the Corporation as entitled to vote on the day of any meeting of members, unless some other day be fixed by the Board of Directors for the determination of members of record, then on such other day, shall be entitled to vote at such meeting.

Every member entitled to vote shall be entitled to the votes as set out in the restrictions, except that for the election of directors each member shall be entitled to a number of votes equal

to the number of directors to be elected, multiplied by the number of votes which he is entitled to vote.

The election of Directors shall be by secret written ballot.

Section 2.08: PROXIES.

Every person entitled to vote or execute consents shall have the right to do so, either in person, or by an agent or agents authorized by written proxy, executed by such person or his duly authorized agent and filed with the Secretary of the Corporation. The manner of execution, revocation, and use of proxies shall be governed by the general provisions of law.

Section 2.09: FIRST MEMBERS' MEETING.

Notwithstanding any other provision of this Article II, the first meeting of members, whether regular or special, shall be held within one (1) year after the closing of the sale of the first Lot.

ARTICLE III

DIRECTORS; MANAGEMENT

Section 3.01: POWERS.

Subject to the limitation of the Restrictions, Articles of Incorporation, of the By-Laws and of the laws of the State of New Mexico as to actions to be authorized or approved by the members, all corporate powers shall be exercised by or under authority of, and the business and affairs of this Corporation shall be controlled by, a Board of Directors.

Section 3.02: NUMBER OF DIRECTORS.

The number of Directors of the Corporation shall initially be three (3) and may be increased to five (5) as determined by the Board of Directors.

Section 3.03. ELECTION AND TENURE OF OFFICE.

At the first meeting of members one (1) member of the Board shall be elected to serve a one(1) year term. The remaining members of the Board shall be elected for two (2) year terms and all subsequent elections for membership to the Board shall be for two (2) year terms. Their term of office shall begin immediately after election.

Section 3.04: VACANCIES.

Vacancies in the Board of Directors may be filled by a majority vote of the remaining Directors, though less than a

quorum, or by a sole remaining Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of members or at a special meeting called for that purpose.

The members may elect a Director to fill any vacancy not filled by the Directors, and may do so at an annual meeting or special meeting called for that purpose.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, in case of an amendment to these By-Laws increasing the number of Directors, or in case the members fail, at any time, to elect the full number of authorized Directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board, shall have the power to appoint a successor to take office when the resignation shall become effective.

No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

Section 3.05: REMOVAL OF DIRECTORS.

The entire Board of Directors or any individual Director may be removed from office by a two-thirds (2/3) vote of the Corporation members at a special meeting called for such purpose.

Section 3.06: ANNUAL MEETING.

The Annual Meeting of the Board will be held on the day of and immediately after the Annual Meeting of the corporation Members.

Section 3.07: SPECIAL MEETINGS.

Special meetings of the Board of Directors may be held at any time and place when called by the President or by any three (3) members of the Board.

Section 3.08: NOTICE.

A notice of the time, place, date and purpose of every special meeting of the Board shall be given by the Secretary or by the officer or director calling the meeting, by mailing the same to each director at his residence or business address not less than three (3) days before such meeting; provided that such notice may be dispensed with if all directors are present at the meeting or if those not present shall at any time waive notice thereof.

Section 3.09: MEETINGS BY TELEPHONE.

With the consent of all the Directors, meetings may be held by conference telephone or by other communication method which allows all Directors to have vocal communication, provided the meetings are properly noticed and posted as required by this Article.

Section 3.10: QUORUM.

A quorum at any meeting of the Directors shall consist of fifty percent (50%) of the voting membership of the Board. A majority of the directors present, if a quorum is present, shall decide any question that may come before the meeting, except as otherwise provided by law, by the Articles of Incorporation, the Restrictive Covenants or these By-Laws. Provided, however, that an absolute majority of the entire Board must vote to recommend any proposed amendment to the Articles or the Restrictive Covenants.

Section 3.11: ACTION WITHOUT MEETING.

Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if written consent setting forth the action so taken, shall be signed by all of the directors and such written consent is filed with the minutes of the proceedings of the Board.

ARTICLE IV

OFFICERS

Section 4.01: OFFICERS.

The officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer. The Corporation may also have, in the discretion of the Board of Directors one or more additional vice-presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of this Article. One person may hold two (2) or more offices, however no person may simultaneously hold the position of President and Secretary.

Section 4.02: ELECTION.

The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of the Section headed, "Subordinate Officers, etc.," or the Section headed, "Vacancies," of this Article shall be chosen annually by the Board of Directors, and each shall hold office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

Section 4.03: SUBORDINATE OFFICERS, ETC.

The Board of Directors may appoint such other officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may, from time to time, determine.

Section 4.04: REMOVAL AND RESIGNATION.

Any officer may be removed, either with or without cause, by a majority of the Directors at the time in office, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by an officer upon whom such power of removal may be conveyed by the Board of Directors.

Any officer may resign at any time by giving written notice to the Board of Directors or to the President, or to the Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.05: VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

Section 4.06: PRESIDENT.

The President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the Corporation. He shall preside at all meetings of the members and at all meetings of the Board of Directors. He shall be ex officio, a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

Section 4.07: VICE-PRESIDENT.

In the absence or disability of the President, the Vice-Presidents, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice-Presidents designated by the Board of Directors, shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to any limitation herein imposed upon the President. All Vice-

Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors or By-Laws.

Section 4.08: SECRETARY.

The Secretary shall keep, or cause to be kept, a book of minutes at the principal office of the Corporation or such other place as the Board of Directors may order, or all meetings of Directors and members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the number of votes present or represented at Directors' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office a register showing the names of the members and their addresses; the number of votes held by each; the number and date of any certificates issued for the same (if the Corporation causes certificates to be issued to evidence membership in the Corporation), and the number and date of cancellation of every certificate surrendered for cancellation.

Section 4.09: TREASURER.

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and any monies and funds handled for the members. The books of account shall, at all reasonable times, be open to inspection by any Director.

ARTICLE V

EXECUTIVE AND OTHER COMMITTEES

Section 5.01: EXECUTIVE AND OTHER COMMITTEES.

The Board of Directors may appoint an Executive Committee, and such other committees as may be necessary from time to time with such powers as it may designate, consistent with the Restrictions, the Articles of Incorporation and By-Laws and of the Non-Profit Corporation Laws of the State of New Mexico. Such committees shall hold office at the pleasure of the Board.

ARTICLE VI

CORPORATE RECORDS AND REPORTS -- INSPECTION

Section 6.01: RECORDS.

The Corporation shall maintain adequate and correct accounts, books and records of its business and properties, and the business and properties of the Owners with which it is entrusted. All of such books, records and accounts shall be kept at its principal place of business in the State of New Mexico, as fixed by the Board of Directors from time to time.

Section 6.02: INSPECTION OF BOOKS AND RECORDS.

The membership register, books of account and minutes of members' meetings or Board of Directors' meetings (except for the minutes of the executive sessions) and of committees of the members or Board shall be made available for inspection and copying by any member of the Corporation or by such member's duly appointed representative at any reasonable time at the office of the Corporation or at such other place within the subdivision as the Board shall prescribe, for any purpose reasonably related to the member's interest as a member. The Board shall establish reasonable rules as to the notice to be given to the custodian of records by the members desiring to make the inspection, of the hours and days of the week when inspection may be made, and the cost of reproducing copies of documents requested by a member.

Section 6.03: CERTIFICATION AND INSPECTION OF BY-LAWS.

The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members of the corporation in the manner provided by law.

Section 6.04: CHECKS, DRAFTS, ETC.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

Section 6.05: CONTRACT, INSTRUMENTS -- HOW EXECUTED.

The Board of Directors, except as in the By-Laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or

authority to bind the Corporation by any contract or engagement; or to pledge the Corporation's credit, or to render the Corporation liable for any purpose or to any amount.

Section 6.06: ANNUAL REPORT.

The Board of Directors of the Corporation shall cause to be prepared and sent to the members within sixty (60) days of the last day of the period covered, a balance sheet as of the last day of the period covered and operating (income) statement for the Corporation's fiscal years.

The operating statement shall include a schedule of assessments received and receivable identified by the lot or other identification of the interest assessed and the names of the person or entity assessed.

The Board of Directors shall cause to be prepared and sent to the members thirty (30) days before the beginning of each fiscal year, a tentative operating statement (budget) for that year.

ARTICLE VII

MEMBERSHIP

Section 7.01: MEMBERSHIP.

Upon purchase of each original residence, the sum of \$100.00 shall be paid to the Corporation, by which sum such Owner shall acquire membership in The Woodlands Homeowners' Association, Inc. Such ownership interest shall be conveyed to any subsequent owner of such lot by the deed by which such lot is conveyed to such Owner, without recitation thereof in such conveyance.

Thereafter, each Owner, by virtue of being an Owner and during such time as such Owner remains as Owner, shall be a member of the Association. The term, "owner", shall be defined in the Restrictions and shall mean as to property whose ownership gives rise to membership in this Corporation the person or entity holding the beneficial ownership of the fee, including a purchase under a contract of sale. It is the duty of each person who becomes an Owner or who ceases to become such an owner to notify the Association, in writing, within thirty (30) days, giving the date and recording date of the instrument transferring title, a copy of such instrument and address to which notices are to be sent. The change and transfer of memberships shall be made in a register kept at the principal office of the Corporation. In the case of any dispute, the Board of Directors shall decide, pursuant to the provisions of the Restrictions, who is a member of this Corporation.

Section 7.02: CLASSES OF MEMBERSHIP.

The Association shall have two (2) classes of membership: Class I and Class II.

All members shall be Class I members, except the representative of the Grantors, C.J. Mead, Inc., shall be entitled to one (1) vote for each lot owned. When more than one person or entity is an owner of any lot, all such persons shall be members. The single vote for such lot shall be exercised as such owners determine, and in no event shall such multiple Owners vote more votes than they are entitled by the number of lots owned.

The Grantors shall be the only Class II member and shall be entitled to three (3) times the votes as set out under Class I, above, for each lot owned by Grantors prior to the initial conveyance of such lot by Grantors (the assignment or conveyance of all of Grantor's interest in the subdivision shall not be such an initial conveyance). The Class II membership of Grantors shall be converted to Class I membership and shall forever cease to exist when the final lot has been sold to a resident owner.

Section 7.03: VOTING RIGHTS.

Each member shall be entitled to the vote as provided in this Article on all matters properly submitted for vote to the membership of the Association. Every member entitled to vote at any election of members of the Board may cumulate all of his votes and give any one or more candidates the total number of votes equal to the number of votes to which the member is entitled, multiplied by the number of Directors to be elected. The right to vote may not be severed or separated from any lot, and any sale, transfer, or conveyance of the beneficial interest of the fee of any lot to a new Owner shall operate to transfer the appurtenant voting rights without the requirements of any express reference thereto. Voting may be by written proxy.

When any provision of the Restrictions, Articles of Incorporation or By-Laws of this Corporation calls for the vote or the consent of the members in any stated percentage, the following rules apply unless the specific language of the provision provides to the contrary:

1. Whenever a vote of the members is required, it is sufficient to obtain the written consent of the same percentage and class of members;

2. The percentage requirement shall be a percentage of the total voting power of the Association or of the total voting power of the required class or group and not a percentage of the number of members of the Association, class or group;

3. At any time the Association has two (2) outstanding classes of membership the required vote or consent shall require the vote or consent of the combined classes of membership; and

4. The Board of Directors may close the membership register for a period not exceeding thirty (30) days preceding any meeting, annual or special, of the members and any such meeting shall be conducted and any vote taken on the basis of the memberships shown in the register at the time of closing.

Section 7.04: ASSESSMENTS.

Each member, once a residence has been completed upon his or her lot, is subject to the following charges and assessments payable to the Association:

1. Maintenance assessments which shall initially be \$30.00 per month and shall not increase until on and after January 1, 1999;

2. Delinquency assessments;

3. Assessments for replacement reserves and/or capital improvements; and

4. All other fees or other monies due to the Association from such member.

Section 7.05: MAINTENANCE ASSESSMENT.

1. At least thirty (30) days prior to the commencement of each fiscal year the Association shall estimate the costs and expenses to be incurred by the Association during the year, including a reasonable provision for contingencies, as well as reserves for major repair and replacement, and shall subtract from such estimate an amount equal to the anticipated balance, exclusive of any reserves for contingencies, and reserves for major repair and replacement in the operating fund at the start of such year. The sum of net estimate so determined shall be assessed to all the Owners in shares - one (1) share for each lot owned.

2. If, at any time, and from time to time during any fiscal year, the maintenance assessment proves or appears likely to prove inadequate for any reason, including non payment of any Owner's share thereof, the Association may levy a further maintenance assessment in the amount of such actual or estimated inadequacy.

3. Maintenance assessments shall be due and payable to the Association when levied or in such installments during the year, and on such due dates as the Board shall designate.

4. The maintenance assessment shall not include any amount for the capital improvement of Common Area which, in any fiscal year, exceeds five (5%) of the budgeted gross expenses of the Association and which is not part of such budgeted gross expenses. Such assessments for extraordinary capital improvements may be levied pursuant to Article 7.07.

5. Until January 1, 1999, the monthly assessment shall not exceed \$ 30.00 per lot. From and after January 1, 1999, the maximum maintenance assessment may be increased each year not more than **ten percent (10%) per lot unless a large increase shall be approved by two-thirds (2/3) vote of the Association's members.**

Section 7.06: DELINQUENCY ASSESSMENT.

The Board of Directors shall levy delinquency assessment against any member or members as a result of whose acts, or failure or refusal to act, otherwise comply with the Restrictions, or the Rules of the Association required that monies be expended from the operating fund by the Association. Such assessment shall be in the amount so expended, and shall be due and payable to the association when levied, or in such installments as the Association shall designate. Prior to the levy of the delinquency assessment, the Board shall hold a hearing to determine the validity and amount of the assessment upon at least thirty (30) days notice to the member to be assessed. Such member to be assessed shall be given an opportunity to be heard at such hearing held to determine the validity and amount of the assessment.

Section 7.07: ASSESSMENT FOR CAPITAL IMPROVEMENTS.

The Association may also levy in any year an assessment for paying, in whole or in part, the cost or proposed cost of acquisition and construction of a described capital improvement (whether the improvement constitutes real or personal property), in an amount greater than can be included in the maintenance assessment, provided such assessment has been approved by the two-thirds (2/3) vote of each Class of members, which assessment shall be assessed to members in the same manner as is provided for in the instance of a maintenance assessments.

Section 7.08: DELINQUENCY.

Each assessment under this Article shall be the separate, distinct and personal debt and obligation of the member against whom it is assessed. Any assessment provided for in this Article, which is not paid when due, shall be delinquent.

With respect to each assessment not paid within ten (10) days after its due date, the Board of Directors may, at its election, require the member to pay a sum (late charge) to be determined by

the Board of Directors, to pay for the costs of handling the delinquent sum, but not to exceed ten dollars (\$10.00) per each delinquent assessment. Such a charge shall be considered an additional assessment and collectable with the assessment for which it wa charged.

If any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate as set from time to time by the Board, however not grater than twenty percent (20%) per annum, and the Association may, at its option, bring an action at law against the owner or owners personally obligated to pay the same, and upon compliance with the provisions of this Article to foreclose the lien against the lot, and there shall be added to the amount of such assessment, the late charge, the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest at the rate provided herein and a reasonable attorney's fee, together with the costs of action. Each owner vests in the Association or its assigns, the right and power to bring all actions at law or lien foreclosure against such owner, or other owners for the collection of such delinquent assessments.

Section 7.09: NOTICE OF LIEN.

The Association may file a Notice of Lien relating to any delinquent and unpaid dues or assessment. No action shall be brought to foreclose an assessment lien less than thirty (30) days after the date of notice of claim of lien is deposited in the Untied States mail, certified or registered, postage prepaid, to the owner of said lot and a copy thereof be recorded by the Association in the office of the County Recorder in Bernalillo County, New Mexico. Said notice of claim must recite a good and sufficient legal description of any such lot, the record owner or reputed owner thereof, the amount claimed (which shall include the interest charges, costs and attorney's fee recoverable by an action at law) and the name and address of the Association.

Section 7.10: FORECLOSURE SALE.

Any such sale provided for above is to be conducted in accordance with the customary practice of the New Mexico Courts applicable to the foreclosure of mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the lot at a foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 7.11: SUBJECT TO RESTRICTIONS.

The qualifications of members, the different classes of membership, if any, the property, voting and other right and

privileges of members, assessments and dues of members and the method of the collection of such assessments and dues shall be as set forth in the Restrictions and any amendments to the Restrictions. The Restrictions are incorporated herein as though fully set out and shall control in the event of any conflict with the provisions of these By-Laws.

Section 7.12: INITIAL MEMBERS.

Initially, the developer and the owners of all of the lots in such subdivision, shall be members of the Association. No assessments or dues shall be payable by any lot owner until the original residence shall be completed upon such lot.

ARTICLE VIII

AMENDMENTS TO BY-LAWS

Section 8.01: BY MEMBERS.

New By-Laws may be adopted, or these By-laws may be repealed or amended by the members at their annual meeting, or at any other meeting of the members called for that purpose, by a vote of members entitled to exercise a sixty-six and two-thirds percent (66-2/3%) of the voting power of the Corporation, or by the written assent of such members, including the vote of written assent of the members entitled to exercise sixty-six and two-thirds percent (66-2/3%) of the voting power of the Corporation. So long as there are Class II members, the consent of the Class II members is required to adopt new By-Laws or to amend or repeal these By-Laws. So long as there are Class II Members, amendment to the By-Laws shall require the written approval of VA or FHA.

Section 8.02: RECORD OF AMENDMENTS.

Whenever an amendment or new by-law is adopted, such amendment or new by-law shall be copied in the Book of By-Laws with the original By-Laws, in the appropriate place. If any By-Laws or By-Law is repealed, the fact of repeal, with the date of the meeting at which the repeal was enacted or written assent was filed, shall be stated in said Book.

ARTICLE IX

DISSOLUTION

Section 9.01: DISPOSITION OF ASSETS UPON DISSOLUTION.

In the event the Association is dissolved, the assets shall be dedicated to a public body or conveyed to a non-profit organization with similar purposes, pursuant to the provisions of NMSA 1978, Section 53-8-48.

ARTICLE X

ASSESSMENTS

Section 10.01: SUBORDINATION OF LIEN FOR ASSESSMENT.

Any lien for assessment fees filed against the property of a member shall be subordinate to the lien of any first mortgage.

Section 10.02: MORTGAGEE NOT REQUIRED TO COLLECT ASSESSMENT.

No mortgagee shall be required to collect any assessment of the Association.

ARTICLE XI

SALE OF COMMON AREA

Section 11.01: SALE OR MORTGAGE OF COMMON AREA.

Sale or mortgage of any common area belonging to the Association shall require a vote of at least two-thirds (2/3) of the lot owners, excluding the developer.

ARTICLE XII

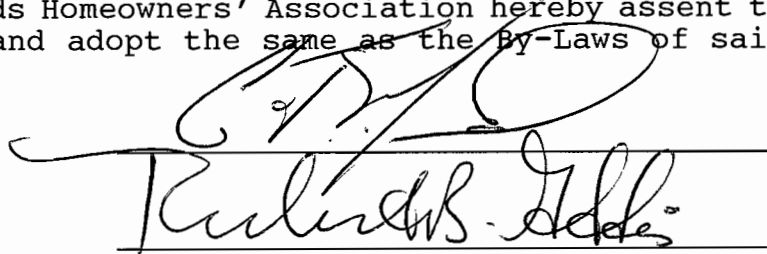
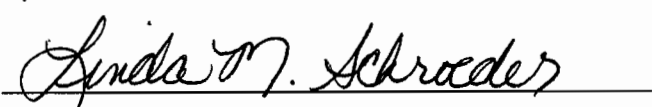
PRIOR APPROVAL OF HUD/VA

Section 12.01: PRIOR APPROVAL OF HUD/VA

As long as the developer is in control of the Association by reason of the votes allocated to the developer pursuant to Section 7.02, then any subsequent amendment of these articles shall be subject to approval of the U.S. Department of Housing and Urban Development (HUD) or the Veterans' Administration (VA).

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned being all of the persons appointed in the Articles of Incorporation to act as the first Board of Directors of The Woodlands Homeowners' Association hereby assent to the foregoing By-Laws, and adopt the same as the By-Laws of said Corporation.


Richard B. Adde

Linda M. Schroeder