BYLAWS
of
SAN JUAN COUNTRY CLUB ESTATES ASSOCIATION, PHASE II, INC.
a non-profit Corporation

ARTICLE I
PURPOSE

Section 1. Purpose. The purposes for which this Association is formed are to provide for the management, maintenance and preservation of the Property which the Association owns or over which it has jurisdiction, every part thereof, and the improvements thereon for the benefit of the owners thereof, for their pleasure, recreation and other non-profit purposes, and in furtherance of the foregoing purposes to do any and all things which may be authorized, required or permitted to be done by the Association under and by virtue of the Second Amended and Supplement Declaration of San Juan Country Club Estates, filed in the records of the County Clerk of San Juan County, State of New Mexico, affecting the Property which is subject to the jurisdiction of the Association, and to do and perform all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association.

That the general powers are:

(1) To promote the health, safety and welfare of the residents within the Property;

(2) To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising from any Declaration;

(3) To fix, levy, collect, and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or government charges levied or imposed against the Property of the Association;

(4) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(5) To borrow money, mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(6) To have and to exercise any and all powers, rights and privileges which a non-profit corporation organized under the laws of the State of New Mexico may now or hereafter have or exercise; and

(7) To act in the capacity of principal, agent, joint venturer, or partner, or otherwise.

Section 2. Principal Office. The principal office for the transaction of the business of the Association is to be located in San Juan County, New Mexico.

ARTICLE II
MEMBERSHIP

Section 1. Qualifications. The Association shall have one class of members whose voting rights shall be equal and identical, except as hereinafter provided. Each person or entity who or which is shown by a duly acknowledged instrument recorded in the Office of the County Clerk of San Juan County, New Mexico, to be the owner of a fee interest in one or more Units of the San Juan Country Club Estates, Phase II subdivision, shall be a member of the Association, provided and excepting that:

(a) Where there is more than one record Owner of a Unit, any or all of such persons may attend any meeting of the Association, but it shall be necessary for those present to act unanimously in order to cast the vote to which they are entitled.

(b) Membership shall subsist and continue only for so long as such member is shown of record to be the Owner of a Unit. Membership in the Association shall not terminate upon the death of a member but all of the rights of such member shall continue and shall be vested in the personal representative or other successor of the deceased member; provided, however, that if the Unit held by such deceased member which entitled such member to membership was held jointly, or in common with another or others who survive such member, then upon the death of such deceased member the membership of such member shall terminate, and such other or one of such other joint or common owners shall become the member.

(c) Notwithstanding that the Association may own any Units as would otherwise entitle the Association to be a member, the Association shall not be a member.

Section 2. Membership Certificates. No membership certificates shall be issued by the Association. Membership shall be and is limited to such person or persons as are set forth and defined by these Bylaws.

Section 3. Fees, Dues and Assessments. Fees, dues and assessments shall be levied, collected and enforced as provided in the Second Amended and Supplement Declaration of San Juan Country Club Estates, filed in the records of the County Clerk of San Juan County, State of New Mexico.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. An annual meeting shall be held on the third Wednesday of July of each year at the San Juan Country Club, or such other place indicated in the notice. Written notice shall be mailed or delivered not less than ten (10) days, and not more than fifty (50) days, prior to the date fixed for said meeting.

At the annual meeting, directors shall be elected, reports of the officers of the Association shall be considered, and any other business may be transacted that is within the powers of the Members.

Section 2. Special Meetings. Special meetings of the Members may be called by the President or Vice-President or by a majority of the Board of Directors. Written notice shall be mailed or delivered not less than ten (10) days prior to the date fixed for the meeting.

Section 3. Voting. Each Member is entitled to one vote. Any member entitled to vote may attend meetings of the Members and vote in person, or by an agent duly appointed by an instrument in writing signed by the Member and filed with the Board or the Manager (appointed as hereinafter provided). Any designation of an agent to act for a Member may be revoked at any time by written notice to the Board or Manager, and shall be deemed revoked when the Board or the Manager shall receive actual notice of the death or judicially-declared incompetence of such Member or of the conveyance by such Member of his or her Unit. Voting for directors shall be by secret written ballot.

Section 4. Meetings; Quorum; Failure to Have a Quorum. The presence of any meeting of the Members having a least fifty (50%) per cent of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the Members upon the affirmative vote of a majority of the voting power. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which subsequent meeting the quorum requirement shall be at least thirty (30%) per cent of the voting power.

Section 5. Address of Members. It shall be the duty of each Member to keep the Association advised as to the Member's correct address from time to time. Absent written notice to the contrary, the address of each Member shall be the address of the Member's Unit.

Section 6. Consent of Absentees. The transactions of any meeting of Members, however called and noticed, are as valid as though had a meeting duly held after regular call and notice, if a quorum is 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, signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Association records or made a part of the records of the meeting. Personal Representatives, administrators, guardians, trustees and other fiduciaries entitled to vote shares may sign such waivers, consents and approvals.

ARTICLE IV
DIRECTORS

Section 1. Powers. Subject to limitations of these Bylaws and subject also to all the restrictions, provisions and limitations contained in the Declaration, all powers of the Association shall be exercised by or under authority of, and the business and affairs of the Association shall be controlled by, the Board of Directors.

Section 2. Number of Directors. The authorized number of Directors is four (4). This number may be changed by an amendment to these Bylaws duly adopted by the Members holding fifty-one percent (51%) of the voting power of the Association; provided, however, that the Authorized number of Directors shall in no event be less than three (3).

Section 3. Election and Term of Office.

(a) Election. At each annual meeting the Members shall elect a Board of Directors for the forthcoming year, consisting of four (4) Members or duly authorized officers of corporate or partnership Members; provided, however, that the first Board elected hereunder may be elected at a special meeting duly called, said Board to serve until the first annual meeting. No cumulative voting shall be allowed.

(b) Term. Members of the Board shall serve for a term of one (1) year and until their respective successors are elected, or until their death, resignation or removal; provided that if any Board Member ceases to be a Member of the Association, his or her membership on the Board shall thereupon terminate.

(c) Resignation and Removal. Any Member of the Board may resign at any time by giving written notice to the Board, and any Member of the Board may be removed from membership on the Board by majority vote of the Members.

(d) Vacancies. Any vacancy occurring on the Board of Directors may be filled by a vote of the majority of the remaining Directors. A Director so chosen must be a member of the Association and shall serve until the next annual meeting and the election of his or her successor.

The Members may elect a director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or the Members may elect a successor to take office when the resignation becomes effective.

Section 4. Meetings.

(a) Call. Special meetings may be called at any time by the President or any two Directors other than the President. Regular meetings shall be held without call.

(b) Annual Meeting. Without call or notice other than this By-Law, the Board of Directors shall hold its annual meeting immediately following each annual meeting of Members. At the first meeting and at each annual meeting thereafter, the Board of Directors shall elect a Chair, who shall preside at all meetings of the Board, and such other positions as it deems appropriate.

(c) Regular Meetings. A regular meeting shall be held on a schedule as determined by the Board of Directors with notice given in the same manner as for special meetings.

(d) **Place of Meetings.** The annual meeting shall be held at the place designated for the annual meeting of the Members. Special meetings may be held at the principal office of the Association, or at any place designated by resolution of the Board of Directors or by written consent of all Directors within the subdivision or as close thereto as practicable.

(e) **Notice.** Written notice of the time and place of special meetings of the Board of Directors shall be delivered personally to each Director, or sent to each Director by mail or by other form of written communication at least three (3) days before the meeting. If the address of a Director is not shown on the records and is not readily ascertainable, notice shall be mailed to him or her at the city or place in which the meeting of the Directors is regularly held. Notice of the time and place of holding an adjourned meeting need not be given to Directors present at the adjourned meeting if the time and place are fixed at the meeting adjourned. Notice of the annual meeting is dispensed with.

(f) **Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present, and if either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

(g) **Quorum.** A majority of the authorized number of Directors constitutes a quorum of the Board for the transaction of business. Every act or decision done or made by a majority of the Directors present is the act of the Board of Directors.

(h) **Voting.** Each Director shall have but one vote at any meeting. Regular and special meetings of the governing body shall be open to all members of the Association provided that Association Members who are not on the governing body may not participate in any deliberations or discussions unless expressly authorized by vote of the governing body.

(i) **Adjournment.** In the absence of a quorum, a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board. Notice of the time and place of holding an adjourned meeting need not be given to Directors present at the meeting adjourned if the time and place are fixed at the meeting adjourned.

(j) **Executive Session.** The Board may, with the approval of a majority of a quorum of its Members, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 5. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action, and such written consent is filed with the minutes of the proceedings of the Board.

Section 6. Authority of the Board. The Board, for the benefit of the Association and its Members, shall enforce the provisions of the Declaration, and these Bylaws. The Board shall be responsible for preparation of budgets and financial statements as prescribed in the Declaration and Bylaws. The Board shall be responsible for the initiation and execution of disciplinary proceedings against Members of the Association for violations of the Declaration or Bylaws as set forth in those instruments. The Board may carry out any repair or construction in the Common Area or on Units as authorized in the Declaration or Bylaws and may enter into privately owned Units in the manner authorized in those instruments.

The Board shall acquire and pay for out of the maintenance fund, in addition to those matters set forth in the Declaration, the following:

(a) A policy or policies insuring the Board, the Association, its Members, and any Manager appointed as hereinafter provided, jointly and severally, against any liability to the public or to the Members (and their invitees, or tenants), incident to the ownership, maintenance and repair of the Common Area and incident to the maintenance and repair of the Units. Limits of liability under such insurance shall not be less than Three Hundred Thousand ($300,000.00) Dollars for any one person injured, Five Hundred Thousand ($500,000.00) Dollars for any one accident, and Fifty Thousand ($50,000.00) Dollars for property damage for each occurrence (such limits and coverage to be reviewed at least annually by the Board and increased in its discretion). Said policy or policies shall be issued on a comprehensive liability basis and shall be cross-liability endorsed so that the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured;

(b) Workmen's compensation insurance to the extent necessary to comply with any applicable laws;

(c) The services of a person or firm to manage its affairs (herein called "the Manager") to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine shall be necessary or proper for the performance of its functions or operation of the project, whether such personnel are employed directly by the Board or are furnished by the Manager;

(d) Legal and accounting services necessary or proper in the operation of the project or the enforcement of the Declaration;

(e) Open and maintain such bank accounts with such required signators as the Board may deem appropriate;

(f) A fidelity bond naming the Manager, and such other persons as may be designated by the Board as principals and the Members as obligees, for the first year in an amount at least equal to the estimated cash requirement for that year as determined under the Declaration, and for each year thereafter in an amount at least equal to the total sum collected through the maintenance fund during the preceding year;

(g) Taxes and assessments which are, or could become, a lien on the Common Area;

(h) Contracting for goods and services for the Common Area and for repair of the Common Area or Units.

Section 7. Limitation on Authority. The Board's powers shall be limited in that the Board shall have no authority to acquire and pay for capital additions and improvements (other than for purposes of replacing portions of the Common Area, subject to all the provisions of these Restrictions) except as provided in the Declaration.

Section 8. Board Powers, Exclusive. The Board shall have the exclusive right and obligation to contract for all goods, services and insurance, required to be acquired by the Association pursuant to the Declaration.

Section 9. Delegation of Authority. The Board may delegate any of its duties, powers or functions, including, but not limited to, the authority to prepare and file the Notice of Assessment provided for in Article VIII of the Declaration, to any person, persons or firms, who may act as Manager, provided that any such delegation shall be revocable by the Board. The Members of the Board shall not be liable for any omission or improper exercise by the delegate of any such duty, power or function so delegated. In the absence of any appointment the Chairman of the Board shall act as Manager.

Section 10. Compensation. Directors and Officers as such shall not receive any salary or compensation for their services as Directors; provided, however, that nothing herein contained shall be construed to preclude any Director or Officer from being reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE V
OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. The offices of Secretary and Treasurer may be held by the same person. The Officers may, but need not, be Unit Owners or Directors.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Association; and have all of the general powers and duties which are incident to the office of President of the corporation including without limitation the power to appoint committees from among the Unit Owners from time to time as the President may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform the duties of the

President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; maintain a register setting forth the place to which all notices to Unit Owners and Mortgagees shall be delivered; and, in general, perform all the duties incident to the office of Secretary of the corporation.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data; and be responsible for the deposit of all monies and other valuable effects in the name of the Board of Directors, the Association or the Managing Agent, in such depositories as may from time to time be designated by the Board of Directors; and, in general, perform all the duties incident to the office of Treasurer of the corporation.

Section 8. Execution of Documents. All agreements contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of Five Hundred and 00/100 Dollars ($500.00) shall be executed by any two (2) persons designated by the Board of Directors. All such instruments for expenditures or obligations of Five Hundred and 00/00 Dollars ($500.00) or less may be executed by any one person designated by the Board of Directors.

Section 9. Compensation of Officers. No officer who is also a director shall receive any compensation from the Association for acting as such officer.

ARTICLE VI
CHARGES AND ASSESSMENTS

Section 1. General. The Board of Directors shall determine the amount of all charges and assessments provided for in the Declaration and shall levy and enforce such charges and assessments in the manner therein provided.

ARTICLE VII
MISCELLANEOUS

Section 1. Financial Statements and Budget. A budget for each fiscal year shall be distributed to the Members before the beginning of each fiscal year.

Section 2. Checks, Drafts and Notes. 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 Association, and any and all securities owned or held by the

Association requiring signature for transfer, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 3. Contracts - How Executed. The term of any contract shall not exceed one year in duration, except with the approval of a majority of the Members of the Association exclusive of the Developer. This limitation does not apply to casualty and/or liability insurance policies of not to exceed three years duration provided that the policy permits for short rate cancellation by the insured. The Board of Directors may authorize any Manager, agent or agents, to enter into any contract, the term of which shall not exceed one year, or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances; and unless authorized in writing by the Board of Directors, no Manager, and no agent or employee shall have any power or authority to bind the Association to any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 4. Inspection of Records. The books of account and the minutes of proceedings of the Members and Directors and other Association records shall be open to inspection and copying by any Director upon demand at any reasonable time and to inspection and copying by any Member upon written demand of any such Member at any reasonable time for a purpose reasonably related to his or her interest as a Member. Such inspection may be made in person or by an agent or attorney and shall include the right to make extracts. Demand for inspection by any Member other than at a Members' meeting shall be made in writing upon the Chairman of the Board of Directors. The Board shall establish reasonable rules with respect to notice to be given the custodian of the records by the Member desiring to make the inspection, the days and hours when such an inspection may be made and payment of the cost of reproducing copies of documents requested by a Member. The Association shall keep in its principal office for the transaction of business a true copy of the Bylaws, as amended, and the Declaration, as amended, each of which documents shall be open to inspection by the Members during reasonable business hours.

Section 5. Defective Notices. Any mistake, inadvertence or excusable neglect in giving any notice required by these Bylaws, shall not affect the validity of any meeting called thereby, or of any proceedings had at such meeting.

Section 6. Headings and Titles. All headings and titles used in these Bylaws, including Sections and Subsections, are intended solely for convenience of reference, and the same shall not, nor shall any of them, affect that which is set forth in such Bylaws nor the meaning thereof.

Section 7. Rules. Subject to the limitations contained in the Declaration, the Board of Directors may from time to time make, publish and enforce rules, and establish and collect fines for the violation thereof, governing the use of the Property over which the Association has jurisdiction and the conduct of the users thereof, in the manner set forth in such Declaration. A current record of all rules, as amended from time to time, and a record of the amount of the fines (if any) established for the

violation thereof, shall be kept by the Board of Directors or Manager of the Association and shall be available to any Member at any reasonable time.

Section 8. Accounting Reports. The Board of Directors of the Association shall cause to be prepared and furnished to each Member a balance sheet and operating statement showing the results of operation of the Association as of the last day of the Association's fiscal year. The operating statement required pursuant this Section shall include a schedule of assessments showing the Units assessed and the Owners thereof.

ARTICLE VIII
AMENDMENTS OF BYLAWS

Section 1. Amendments. The power to alter, amend or repeal these Bylaws and to adopt new Bylaws shall be vested in the Board of Directors.

SAN JUAN COUNTRY CLUB ESTATES ASSOCIATION, PHASE II, INC.
a non-profit Corporation

BY: _____
Ben Heikkinen
President

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

This instrument was acknowledged before me on this 29th day of June, 2004, by Ben Heikkinen, as President of San Juan Country Club Estates Association, Phase II, Inc., a New Mexico non-profit Corporation.

_____
Notary Public

My Commission Expires
(SEAL) Sept. 24 2005

UNAMIMOUS WRITTEN CONSENT OF DIRECTORS IN LIEU OF ORGANIZATIONAL MEETING OF SAN JUAN COUNTRY CLUB ESTATES ASSOCIATION, PHASE II, INC.

I. WAIVER OF NOTICE AND CALL

The undersigned, **Ben Heikkinen, Marlo Webb, Victor Titus and Carl Matthews,** constituting the Directors of San Juan Country Club Estates Association, Phase II, Inc., a New Mexico corporation (the "Corporation"), hereby waive any and all notice and call required by law or the Bylaws of the Corporation of the time, place and purposes of the organizational meeting of the Directors of the Corporation and do hereby unanimously consent, in accordance with the applicable provisions of the laws of the State of New Mexico and the Corporation's Bylaws, to the taking of the following actions by the unanimous written consent of the Directors of the Corporation, and further direct that this unanimous written consent be filed with the Secretary of the Corporation and be made a part of the Corporation's records as if a meeting had been duly noticed, called and held at the offices of the Corporation on the date written below, to wit:

II. ACTIONS UNANIMOUSLY APPROVED

Articles of Incorporation. The Articles of Incorporation of San Juan Country Club Estates Association, Phase II, Inc. have been filed in the Office of the Public Regulation Commission of the State of New Mexico, on March 30, 2004, under the direction of Ben Heikkinen, the incorporator, it is

> RESOLVED, that all actions of the incorporator be, and hereby are, ratified, confirmed and approved in all respects;
>
> FURTHER RESOLVED, that the Articles of Incorporation of San Juan Country Club Estates Association, Phase II, Inc. be, and hereby are, ratified, approved and confirmed in all respects;
>
> FURTHER RESOLVED, that the Certificate of Incorporation and the Articles of Incorporation be filed in the Corporate Notebook.

Bylaws. The Directors having been given a copy of the proposed Bylaws of the Corporation by the Corporation's attorney, and having carefully reviewed the contents thereof, it is

> RESOLVED, that said Bylaws be, and hereby are, adopted as the official Bylaws of the Corporation, which, together with the applicable New Mexico statutes and the Articles of Incorporation, will govern and regulate the affairs of the Corporation. The executed copy of the Bylaws shall be placed in the Corporate Notebook.

Corporate Seal. The Directors having considered whether to adopt a corporate seal, it is

RESOLVED, that the Corporation dispense with a corporate seal.

Election of Officers. The Directors being advised that the Corporation should have a President and Secretary, it is

RESOLVED, that the following persons be, and hereby are, elected as officers of the Corporation to serve until the next annual meeting of the Directors and until their successors are duly elected and qualified:

OFFICE	NAME
President	**Ben Heikkinen**
Vice President	**Marlo Webb**
Secretary	**Victor Titus**
Treasurer	**Carl Matthews**

The undersigned having signed their names as Directors of San Juan Country Club Estates Association, Phase II, Inc., to the same extent and for all purposes as if an actual organizational meeting of the Directors had been held at the officer of the Corporation on the 28th day of June, 2004.

Ben Heikkinen

Marlo Webb

Victor Titus

Carl Matthews