

FIRST AMENDMENT TO BYLAWS

The By-laws of Villa Valencia Homeowners Association, Inc. dated September 18, 2013 are hereby amended in order to comply with the requirements of the Homeowners Association Act, Section 47-70-3 NMSA 1978 as follows:

ARTICLE VIII

Section 1. **Homeowners Association Act.** To the extent any provision of the Homeowners Association Act, Section 47-70-1 et seq. NMSA 1978 is inconsistent with any provisions of the By-laws, the Homeowners Association Act shall supercede and control.

Section 2. **Disclosure of Records.** All financial and other records of the Association shall be made available for examination by an Owner within 10 business days of the request. There shall be no charge for review although the Association may charge a reasonable fee for copies. For purposes of this provision, financial and other records include the following: (i) the Declaration of the Association, (ii) the name, address and telephone number of the Association's designated agent, (iii) the By-laws of the Association, (iv) the names of all Association members, (v) the minutes of the meetings of the Owners and Board for the previous five years other than executive sessions, (vi) records of all actions taken by a committee in place of the Board or on behalf of the Association for the previous five years, (vii) the operating budget for the current fiscal year, (viii) current assessments, both regular and special assessments, (ix) financial statements of account, including amounts held in reserve, (x) the most recent financial audit or review, (xi) all current contracts entered into by the Association or the Board, and (xii) current insurance policies including insurance company name, policy limits, deductibles, additional named insureds and expiration dates.

Section 3. **Statement of Unpaid Assessments.** Upon written request by an Owner, the Association shall furnish a recordable statement setting forth the amount of unpaid assessments against the Owner's Lot within 10 business days after receipt of the request. The statement shall be binding on the Association and the Board.

Section 4. **Budget.** The Association shall adopt a budget each year. Within 30 calendar days after adoption of the proposed budget for the Association, the Board shall provide a summary of the budget to all Lot Owners.

Section 5. **Control of Board.** The Declarant may maintain control of the Board of the Association and during the period of development and subject to the provisions set forth herein. Notwithstanding the foregoing, a period of Declarant control shall terminate no later than the earlier of: (I) 60 days after conveyance of 75% of the Lots of the entire development, (ii) two years after Declarants have ceased to offer Lots for sale in the ordinary course of business, and (iii) two years after a development right to add new Lots was last exercised, or (iv) the day that the Declarant, after giving written notice to the Association, records an instrument voluntarily terminating rights to Declarant control or turning over the Association to the Owners.

Section 6. **Representation on Board.** Not later than sixty (60) days after the conveyance of 25% of the Lots that are part of the development to Owners other than Declarant, at least one member and not less than 25% of the members of the Board shall be elected by Lot Owners. Not later than sixty (60) days after conveyance of 50% of the Lots that are part of the development, not less than 33% of the members of the Board shall be elected by Lot Owners other than Declarant. Not later than the termination of the period

of control the Owners shall elect a Board of at least three (3) members, the majority of whom shall be lot owners.

Section 7. Voting by Proxy. Voting by proxy shall be allowed for all meetings of the Owners. A proxy vote shall be dated and executed by the Owner, shall allow for revocation if notice of revocation is provided to the person presiding over a meeting of the Owners, and shall be valid only for the meeting at which it is cast.

Section 8. Financial Audit. The Association shall provide for an annual financial audit, review or compilation of the Association by a certified public accountant no later than 180 days after the end of the Association's fiscal year. A copy shall be made available upon request to members within thirty (30) days after completion.

APPROVED effective as of this ____ day of _____, 2014.

BOARD OF DIRECTORS:

RANDAL S. O'LEARY

HERSCHEL STRINGFIELD

PATRICK WOODS