

AMENDED AND RESTATED BY-LAWS
OF
TOWNE PARK HOMEOWNERS ASSOCIATION INC
August 20, 2019

TABLE OF CONTENTS

<u>Articles</u>	<u>Page Number</u>
TABLE OF CONTENTS	1,2
ARTICLE I – DEFINITIONS	3
ARTICLE II – PURPOSES	3
ARTICLE III – OFFICES	4
ARTICLE IV – MEMBERSHIP AND VOTING RIGHTS	4
Membership	4
Member Voting Rights	4
Suspension of Membership and Voting Rights	5
ARTICLE V – MEETINGS	5
Annual Meeting of Members	5
Annual Meeting of Members Objectives	5
Special Meeting	5
Notice Requirement	5
Quorum Requirements	5
Proxy and Absentee ballot	6
Nomination for Election	6
Parliamentary Procedure	6
ARTICLE VI – BOARD OF DIRECTORS	6
Management Powers	6
Rule Making Authority	6
Director Required Qualifications	7
Number of Directors and Composition of the Board	7
Director Term of Office	7
Election of Directors	7
Removal of a Director	8
Director Compensation	8
Annual Meeting of Directors	8
Board Meeting	8
Notice of Board Meeting	9
Director Quorum Requirement	9
Action Without Meeting	9
Minutes and Records	9
ARTICLE VII – OFFICERS	9
Officers	9
President	9
Vice-President	9
Secretary	9
Treasurer	10
AMENDED and RESTATED BY-LAWS	10



<u>Articles</u>	<u>Page Number</u>
Substitution	10
Removal of Officer from Office	10
ARTICLE VIII – RECORDS AND BOOK	10
Maintaining Records	10
ARTICLE IX – COMMITTEES	10
Standing Committees	10
Architectural Control Committee	10
Maintenance Committee	11
Finance Committee	11
Election Committee	11
Social Committee	11
Other Committees	11
ARTICLE X – FISCAL YEAR	11
ARTICLE XI – ENFORCEMENT PROCEDURES	12
Authority of the Board	12
Amount of Fine	12
Appeal of Fine	12
Complaints and Hearings	12
Monetary Violations	13
Judicial Enforcement	13
Dispute Resolution	13
Mediation	14
Arbitration	14
ARTICLE XII – INDEMNIFICATION	14
ARTICLE XIII – AMENDMENTS	15
Amendments to the By-Law and Rules	15
Amendments to the Articles and/or Declaration	15
Amendment Procedure	15
ARTICLE XIV – SAVING CLAUSE	15

These amended and restated By-Laws correctly set forth the provisions of the By-Laws as amended, they have been duly approved as required by law and they supersede the original By-Laws and all amendments thereto.

ARTICLE I

DEFINITIONS

Article 1, Section 1.1 Definitions: The following words and phrases have the same meanings as set forth in the Declaration of Covenants, Conditions and Restrictions (herein "the Declaration") for Towne Park, a Planned Residential Community, as executed and recorded in the records of Bernalillo County, New Mexico

Article	Lot Building Area
Association	Lot Restricted Area
Board	Master Ground Lease
By-Laws	Mortgagee
Common Areas and Facilities	Property
Common Expenses	Regular Monthly Assessment
Conversion	Rules
Declaration	Tenant
Designated Voter	Unit
Eligible Unit Mortgagee	Unit Lease
Fiscal Year	Unit Lessee
Lot	

NOTE! With the adoption of the Sixth Amendment to the Declaration on May 22, 2013, two types of Memberships were created, Lessees and Owners. The rights of each are the same, therefore, the use of the term for the purpose of these By-Laws are interchangeable.

ARTICLE II

PURPOSE

Article II, Section 2.1 Purpose: Towne Park Homeowners Association Inc. (herein "the Association") was incorporated as a nonprofit New Mexico corporation pursuant to the New Mexico Nonprofit Corporation Act, Section 54-8-1 through 54-8-99 NMSA, 1978 Comp, as now or hereafter amended (herein "the Act"). The Association has all the rights and powers of a nonprofit corporation as set forth in the Act; the NM Homeowner Association Act; and its Articles of Incorporation, the Declaration, and these By-Laws for Towne Park. The purpose of the Association is to own and manage the Common Areas and Facilities created under the original Master Ground Lease for the household for each of the 486 lots within Towne Park. The Association is required to sell individual leasehold interest to the owners of the houses located on each lot when requested, as required by the mortgage contract with Los Alamos National Bank. The Association is to manage and operate the Common Areas and Facilities, and Lot Restricted

Areas for the common use and benefit of all Unit Lessee/Owners. The Association is to establish the Rules for the administration and governance of all Common Areas and Facilities, Lot Restricted Areas and Lot Building Areas, to assess and collect Regular Monthly Assessments, Special Assessments, Individual Assessments and other sums due the Association for such purposes and to perform all other rights, powers, duties, obligations and functions as more particularly set forth in the Declaration.

ARTICLE III

OFFICES

Article III, Section 3.1 Offices: The principle office of the Association shall be located on the Towne Park property at 425 Towne Park Dr. NE, Albuquerque, NM 87123. The Association may have such other offices as the Board may determine necessary or advisable.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

Article IV, Section 4.1 Membership: Every person who owns the beneficial interest in the leasehold estate of any Unit within the Towne Park Property (herein "Unit Lessee/Owner") pursuant to a Unit lease now or hereafter entered into with the Association (herein "the Master Ground Lessor"), including any purchaser under a contract of sale or lease with option to purchase, shall be a member of the Association, provided that any person or entity holding such interest as security for the payment of a debt or performance of an obligation (herein "mortgagee") shall not be a member, unless such mortgagee acquires such interest at a judicial sale pursuant to foreclosure or by conveyance in lieu of foreclosure.

Article IV, Section 4.2 Member Voting Rights: Each member, not to exceed one (1) vote per Unit, shall be entitled to one (1) vote for each Unit owned when voting to elect director(s), when any change to the Articles or the Declaration is proposed, and at other times when the Board may submit an issue to the membership for vote. The signing of any petition is considered a vote and is limited to one (1) vote per unit. A member who is the sole owner of a Unit is entitled to cast the vote for that Unit, however; if a Unit is owned by more than one person, the persons owning fractional interest in such Unit aggregating more than fifty percent (50%) of the total ownership thereof shall file a written designation specifying which one of them is authorized to cast the vote for the Unit. In the absence of filing such a written designation and upon the failure of all persons owning an interest in the Unit to agree which owner is authorized to cast the vote for the Unit, no owner of a fractional interest in any Unit shall be permitted to cast the vote for such Unit.

Article IV, Section 4.3 Suspension of Membership and Voting Rights: The Board may suspend membership and voting rights for non-payment of assessments and/or violations of other provisions of the Declaration or the Rules, pursuant to the procedures set forth in these By-Laws.

ARTICLE V

MEETINGS

Article V, Section 5.1 Annual Meeting of Members: Each Annual Meeting of Members shall be held within two (2) months after the end of the Association's fiscal year, at a location in Albuquerque, New Mexico, as determined by the Board. The President, Vice President in the President's absence, or a majority of the directors shall have the authority to call the Annual Meeting of Members. Regardless of the lack of a quorum (Article V, Section 5.6), except when a director election is necessary, calling and conducting an Annual Meeting of Members is determined to meet the Association's obligation to have an Annual Meeting.

Article V, Section 5.2 Annual Meeting of Members Objectives: The primary objective of the Annual Meeting of Members is the election of directors that will serve on the next Board of Directors. When the number of members who volunteer to be elected to a director position and are eligible and qualified to serve as a director do not exceed the number of vacancies that will exist on the next Board, no election shall be required (Article VI, Section 6.6.) The secondary objective is for the Board to provide the membership with: (i) financial condition of the Association; (ii) information on the activities and accomplishments of the Board during the past Board year; and (iii) hear member's comments, suggestions, etc.

Article V, Section 5.3 Special Meeting: The Board may call a special meeting. In addition, a group of members having a petition signed by twenty-five percent (25%) of members eligible to vote may call a special meeting for the specific purpose of voting to:

- (1) Amend the Declaration or the Articles consistent with the criteria specified in the Declaration (Article 20, Section 20.2 Amendment by Unit Lessees; Article XV Section 15.2 Approval Rights of Eligible Unit Mortgagees and Section 15.3 Amendment to Constituent Documents); the Articles (Article VIII, Amendment); and Section 13.3 of these By-Laws,
or
- (2) Recall the current Board of Directors by the affirmative vote of fifty one percent (51%) of the members who are eligible to vote (in person, by proxy or by absentee ballot) and to elect seven different directors.

Article V, Section 5.4 Notice of Meeting: The notice of a meeting, annual or special, shall be given by the Election Committee to all members in writing at least ten (10) days, but not more than fifty (50) days before the date of the meeting. The notice shall state the date, start time, location of the meeting and, in case of a special meeting, the purpose for which the meeting is called. The notice shall be mailed, postage prepaid, to the member at his address as contained in the Association records.

Article V, Section 5.5 Quorum Requirements: At all Annual Meeting of Members, twenty percent (20%) of members eligible to vote (in person, by proxy, or by absentee ballot) shall establish a quorum. At annual meetings, when a quorum is present, the majority vote of the members eligible to vote shall decide any matter the Board presents for a vote. At a special meeting for the

purpose of voting to amend the Declaration or Articles the percentage values stipulated in the Declaration and Articles that is necessary in order to amend the Declaration or Articles shall be the same percentage of members eligible to vote (in person, proxy, or absentee ballot) that is required to establish a quorum. At a special meeting to vote on a recall of the Board, fifty-one percent (51%) of members eligible to vote (in person, by proxy, or by absentee ballot) shall establish a quorum.

Article V, Section 5.6 Proxies and Absentee Ballots: At all Association Annual Meeting of Members and special meetings each eligible member, in lieu of voting in person at the meeting, may vote by proxy or absentee ballot. A proxy shall: (i) be valid only for the meeting for which it is given; (ii) only be given by the member who is eligible to vote for the Unit; (iii) specify the designee, who may be either another association member or the proxy giver's resident tenant, as appropriate; (iv) signed and dated by the proxy giver; and (v) presented by the proxy designee to the Election Committee during the meeting's registration process. An absentee ballot shall be made available for any member who is the eligible voter for the Unit. Receipt of a blank absentee ballot must be signed for by the Unit's eligible voter. After voting, the absentee ballot must be returned to the Election Committee prior to the deadline specified on the absentee ballot.

Article V, Section 5.7 Nomination for Election: Each member of the Association may request to have their named placed on the annual ballot for election to a director position (Article V, Section 6.6). Therefore, nomination for election to a director position shall not be accepted at the Annual Meeting of Members.

Article V, Section 5.8 Parliamentary Procedures: Robert's Rules, most recent edition, shall be used as the parliamentary procedure guideline during Annual Meeting of Members and special meetings.

ARTICLE VI

BOARD OF DIRECTORS

Article VI, Section 6.1 Management Powers: The property, affairs and business of the Association shall be managed by the Board of Directors, through the Association's management company. The Board has the authority to perform, or cause to be performed, all rights, powers, functions and duties of the Association as set forth in the: (i) New Mexico Nonprofit Corporation Act; (ii) New Mexico Homeowner Association Act; (iii) Articles; (iv) Declaration; (v) By-Laws, and (vi) Rules. The Board shall employ a management company qualified to administer the affairs of the Association, including without limitation, the collection of assessments, custody of association funds, and payment of Common Expenses, and the performance of any additional duties of the Board, which the Board, by contract or otherwise, may delegate to such management company.

Article VI, Section 6.2 Rule Making Authority: The Board has the power to make and enforce uniform applied rules governing the use of the individual Units, Common Areas and Facilities, Lot Restricted Areas and Lot Building Areas. Such rules may, without limitation; (i) set the rules and procedures for implementation, operation and management of the Association; (ii) regulate the use of the Common Areas and Facilities and Lot Restricted Areas to assure the equitable and proper use and enjoyment thereof, by all persons entitled thereto (including the charging of reasonable admission); (iii) prohibit any conduct or activity in any Unit, on any part of the Common Areas and Facilities, Lot Restricted Areas and Lot Building Areas that constitute a nuisance in law or in fact or

which does not maintain the peaceful, quiet and reasonable use and enjoyment of a Unit, Common Areas and Facilities, Lot Restricted Areas and Lot Building Areas; (iv) prohibit, restrict or regulate the use of any portion of the Common Areas and Facilities, Lot Restricted Areas, and Lot Building Areas by tenants and guests of any Lessee/Owner, and (v) regulate and control vehicular traffic and the parking and storage areas of the Property.

Article VI, Section 6.3 Director Required Qualifications: The qualifications required in order for a member to serve as a director, include: (i) reside within the Towne Park property, as their primary residence; (ii) whose membership and voting rights have not been suspended; (iii) whose payment of all expenses due the Association are current; (iv) who has no outstanding violations of the constituent documents; (v) they, nor any immediate family member, provide or solicit any service for compensation to the Association, Towne Park residents, or contractors providing exceptions to this prohibition) and (vi) complies with the TOWNE PARK CODE OF ETHICS.

Article VI, Section 6.4 Number of Directors and Composition of the Board: The Board of Directors shall consist of seven directors, except during periods when one or more director position vacancy exist, for whatever reason. When one or two director positions exist on the Board, between Annual Meetings of Members, the remaining directors may, but are not required to, appoint an eligible member to fill the remaining term of a director position that is vacant. Prior to appointing an individual to a director position, the board shall have the Election Committee determine that the individual meets the necessary qualifications to serve as a director. If three director positions are vacant at the same time the Association shall conduct an election within 90 days, consistent with the Association's annual election criteria, in an attempt to restore the board to seven directors.

Article VI, Section 6.5 Director Term of Office: Each director is elected to a three-year term or appointed by the Board to fill the remaining years of a vacant three-year term. Serving as a director for any period of a three-year term counts as serving a full three-year term. A member is limited to serving two consecutive three-year terms. After serving two consecutive three-year terms, a member may not serve as a director for one-year. Thereafter, an eligible member may be elected or appointed by the Board, as appropriate, to serve as a director again, subject to the limitation in this section.

Article VI, Section 6.6 Election of Directors: Each member of the Association may volunteer to have their name placed on the annual ballot for election to a director position. No later than December 15, immediately preceding the Annual Meeting of Members, a member volunteering to be elected to a director position must submit a completed 'Volunteer for Election to Director Position' Form and a 'Towne Park Code of Ethic' Form to the Election Committee. No Volunteer for Election to Director Position Form will be accepted after this date. No member may stand for election unless they meet the Director Required Qualification (Article 6.3). Election of directors shall be by ballot (official, proxy, or absentee) and accomplished at: (i) the Annual Meeting of Members and (ii) whenever a special meeting has been called, consistent with Article VI, Section 6.4, for the purpose of electing at least three directors to fill vacancies that exist on the board between annual meetings. EXCEPTION, when the number of eligible volunteers to be elected to a director position does not exceed the number of director vacancies that exist, the Election Committee has the authority to declare that those eligible members who volunteered and meet the qualifications to be elected to a director position shall fill the vacancies, thus eliminating the necessity of conducting an election where the outcome is known in advance. Any election that results in a tie shall be resolved by lot.

Article VI, Section 6.7 Removal of a Director: Any director may be removed from a director position, with or without reason, by the vote or written consent of the majority of the other directors. In addition, a director may be removed from a director position, for cause, by the Association's members. An attempt to remove a director by members shall be initiated by at least ten members (co-petitioners) filing a director removal petition with the Election Committee. A sitting director shall not be a co-petitioner of the director removal petition, as they have the authority to participate in the removal of a director by vote of the Board. The removal petition must: (i) state the director's cause that justifies the director removal; (ii) list the name and Unit address of each co-petitioner; and (iii) contain the signature of each co-petitioner. Within 15 days after receiving the removal petition and determining the co-petitioners have met their initial obligation, the Election Committee shall prepare the 'official' removal petition document that the co-petitioners will use to obtain eligible members' signature in support of the removal petition. The removal petition document shall contain: (i) the cause stated by the removal co-petitioners; (ii) the name and unit address of members that are eligible to sign the petition in support of the removal effort, and (iii) space for members to sign their name and date. After the co-petitioners receive the petition material from the Election Committee, the co-petitioners shall have a maximum of 30 days to obtain eligible members' signatures and return the petition material to the Election Committee. Door to door solicitation within Towne Park to obtain members' signatures is not permitted. The petitioners shall be allowed to schedule the use of the clubhouse meeting room a minimum of three days each week, during periods routine association events are not scheduled. In addition, the petitioners may post appropriate information throughout the Towne Park property in the same areas and general space that the Board uses to provide members with information. Co-petitioners may use the Towne Crier advertisement section, at the same cost afforded businesses, to present information on the removal petition. Subsequently, within 15 days after receiving the petition material from the co-petitioners the Election Committee shall complete their analysis of the signatures on the removal petitions. Signatures of fifty-one percent (51%) of members eligible to sign the removal petition is required for the removal petition to be successful. The Election Committee shall oversee the removal petition process in its entirety and shall be the final decision authority in determining whether or not the removal process is successful. The Election Committee's decision is not subject to appeal. Within ten-days of the Election Committee's determination, the Election Committee shall provide the Board a written report of the removal petition activity and finding. Within ten (10) of the conclusion of all removal petition activity, the Election Committee shall prepare a report for the Board, detailing all factors, action, and final determination of the Election Committee. This report shall become public information and shall be available to any member that desires to review the petition material.

Article VI, Section 6.8 Director Compensation: Directors shall not receive any compensation or remuneration for their service to the Association, except for reimbursement for their out-of-pocket expenses incurred for the benefit of the Association.

Article VI, Section 6.9 Annual Meeting of Directors: The annual meeting of directors shall be held within two weeks following the Annual Meeting of Members, primarily to select officers.

Article VI, Section 6.10 Board Meetings: The Board may meet at any time when a Board Meeting is called by the President; Vice President, in the absence of the President; or by a majority of the directors.

Article VI, Section 6.11 Notice of Board Meeting: In the absence of an announcement by the President or Vice President at a previous board meeting, a notice of any subsequent Board Meeting shall be given by the Secretary at the direction of the President or a majority of the directors. The notice shall be given to each director by email, phone, or mail so that all directors have the notice at least three (3) days in advance of the meeting. The notice shall specify the date, start time, and location of the meeting.

Article VI, Section 6.12 Director Quorum Requirements: A quorum at any meeting of directors is established when a majority of the directors are present. When a quorum is present, the directors shall decide, by majority vote, any matter that comes before the meeting, except as otherwise provided by law, the Declaration or these By-Laws. Provided, however, that an absolute majority of the entire board must vote to recommend any proposed amendment to the Declaration or the Articles of Incorporation.

Article VI, Section 6.13 Action without Meeting: Any action required or permitted to be taken at any meeting of the Board, may be taken without a meeting, if written consent setting forth the action so taken, shall be signed by all directors and such written consent is filed with the minutes of the proceedings of the Board.

Article VI, Section 6.14 Minutes and Records: It shall be a duty of the Board to cause to be kept, a complete and accurate record of all its acts and of the Association affairs.

ARTICLE VII

OFFICERS

Article VII, Section 7.1 Officers: The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The Officers shall be elected from among the directors during the Annual Meeting of the Board, or at a special meeting of the Board called for that purpose. Such officers shall hold office until the next Annual Meeting of the Board and until their successors are elected and qualified. The same person shall not serve as both President and Secretary.

Article VII, Section 7.2 President: The President shall be the Chief Executive Officer of the Association and when present, shall preside at all meetings of members and at meetings of the Board; shall have general supervision of the affairs of the Association; shall sign or countersign all certificates, contracts and other instruments of the Association, as authorized by its Board, the Articles, the Declaration and these By-Laws; shall make reports to the Directors and members; and shall have all such other duties and powers as are incidental to the office or properly delegated by the Board.

Article VII, Section 7.3 Vice-President: In the absence of the President or in the event of the Presidents death, inability or refusal to act, the Vice-President shall perform the duties of the President. The Vice-President shall perform such other duties as the President or the Board may, from time-to-time, direct or assign.

Article VII, Section 7.4 Secretary: At meetings where the management company representative is not in attendance, the Secretary shall keep the minutes of such meetings. The Secretary shall also supervise the management company's custody of the Association's meeting minutes book; shall sign with the President such instruments as requiring such signature; shall supervise the management company's recordings of the names of all members of the Association, together with their addresses, as registered by such members; and shall perform such other duties as are incident to the office, or as properly required by the Board.

Article VII, Section 7.5 Treasurer: The Treasurer shall supervise the management company's custody of all monies of the Association, and shall ensure that regular books of account are maintained; shall, if directed by the Board, cause an annual audit of the Association's books of account to be made by the Board, cause an annual audit of the Association's books of account to be made by an independent certified public accountant at the completion of each fiscal year; shall prepare or cause to be prepared, the annual budget, and shall perform such other duties as are incident to the office, or as properly required by the Board.

Article VII, Section 7.6 Substitution: Any officer may be expressly authorized by the Board to perform any function which is usually performed by any other officer. Except, the President shall not simultaneously perform the duties of the Secretary (Section 7.1).

Article VII, Section 7.7 Removal from Office: Any officer may be removed from office by a majority vote of the entire Board at any lawful meeting; and any vacancy in any of the offices described in this Article, however caused, may be filled by the Board at any lawful meeting.

ARTICLE VIII

RECORD AND BOOKS

Article VIII, Section 8.1 Maintaining Records: The Association shall keep, or cause to be kept, detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Areas and Facilities, and Lot Restricted Areas, specifying and identifying the maintenance and repair expenses of the Common Areas and Facilities and Lot Restricted Areas and other expenses incurred, as well as minutes of the proceedings of its members and the Board, and shall keep at the principal office, a record providing the names and addresses of its members. All books and records of the Association may be inspected by any member, or his agent or attorney, or by any person authorized to inspect the same by the Declaration, for any proper purpose at convenient hours on working days that shall be set and announced.

ARTICLE IX

COMMITTEES

ARTICLE IX, Section 9.1 Standing Committees: The Board shall appoint the members that serve on the standing committees:

- (a) Architectural Control Committee shall review any proposed construction, change or alteration to any and all improvements or fixtures on the lots, other than the

interior of the Unit dwelling, by lessee/owner and all improvements or fixtures to be constructed on the Common Areas and Facilities or the Lot Restricted Areas. All proposed construction changes shall be approved or ~~denied~~ prior to the commencement of any changes or construction, ~~as~~ as more particularly set forth in the Declaration and the rules. The Architectural Control Committee shall consist of three (3) members. The chair shall be a director.

- (b) Maintenance Committee shall advise the Board on all matters pertaining to maintenance, repair or improvements of the Common Area and Facilities and the Lot Restricted Areas. The chair shall be a director.
- (c) Finance Committee shall supervise the investments and security of all Association funds not held in the operating accounts. In addition, the Finance Committee serves as advisor to the Management Company/Agent and the Board on issues of budget and long-term capital improvement projects. The Finance Committee shall be composed of the Treasurer, Vice President and a non-officer director.
- (d) Election Committee is a permanent committee, authorized to supervise all election and voting-related activities and to determine compliance with New Mexico state laws and the Association's constituent documents. The Election Committee maintains the voter registration and is responsible for determining the eligibility and qualification of a member to be elected or appointed to a director position (Article V, Section 5.3). In addition, the Election Committee serves as the review authority for requested mediation and arbitration issues. Decisions of the Election Committee are final and are not subject to appeal. The Election Committee members shall be appointed annually by the Board and shall consist of co-chairs and three (3) other members. No member of the Election Committee shall be a director nor an immediate member of a director's family.
- (e) Social Committee shall advise the Board on matters pertaining to social and recreational programs and activities of the Association to include the planning, scheduling and conducting of events that bring residents together in a relaxed atmosphere to provide an experience from which each individual will find something to take away that may be informative, useful or unifying. The focus shall be to provide positive social interactions to prevent isolation or feelings of disenfranchisement within the community.

Article IX, Section 9.2 Other Committees: The Board may appoint such other committees as the Board deems necessary or desirable, and shall specify the functions of any such additional committees.

ARTICLE X

FISCAL YEAR

Article X, Section 10.1 Fiscal Year. The fiscal year of the Association shall be the calendar year or such other period as the Board may, by resolution, determine.

ARTICLE XI
ENFORCEMENT PROCEEDINGS

Article XI is a provision to codify the enforcement procedures utilized by the Board. No part of this Article is to be interpreted as authority of any member to challenge the management authority of the Board through mediation or arbitration.

Article XI, Section 11.1 Authority of the Board: The Board shall have the authority to establish a fine schedule that the management company shall apply for a member's non-compliance with any criteria specified in the Declaration, By-Laws, Rules, and the Unit Lease. The established fine schedule shall be specified in the rules. In addition, the Board may assess fines and also suspend rights of membership, including any member's right to vote, and use and enjoyment of the Common Areas and Facilities and Lot Restricted Areas, in order to enforce all provisions of the Declaration and the Rules, subject to the limitations and procedures of these By-Laws. The Board shall not, however, deny any Unit Lessee/Owner, his Tenant or immediate family, guests or invitees the right of vehicular and pedestrian access over, through and across the private streets and sidewalks of the Common Areas and Facilities or the Lot Restricted Areas to the extent reasonably necessary to permit access to such Unit Lessee's/Owner's Unit.

Article XI, Section 11.2 Amount of Fine: The Board may not establish a fine schedule for any single violation in excess of Two Hundred Fifty Dollars (\$250) (herein "the Maximum Fine"). Multiple days or fine periods shall be considered a single event unless the Board approves a larger penalty for extreme non-compliance issues.

Article XI, Section 11.3 Appeal of Fine: A Unit Lessee/Owner may appeal any fine assessed by the Board/management company. The appeal shall be in writing and shall contain information on the situation that resulted in the fine. In addition, the Unit Lessee/Owner must provide his/her rationale why the fine assessment is inappropriate. The appeal shall be mailed to the Towne Park Homeowners Association, Board of Directors, 425 Towne Park Dr. NE, Albuquerque, NM 87123 or deposited in one of the mail drops slots at the Towne Park Clubhouse. After receipt of the written appeal, the Board shall determine what action, if any, it will take on the matter and the Unit Lessee/Owner will be informed of the Board's decision in writing and mailed to the Lessee's/Owner's mail address.

Article XI, Section 11.4 Complaints and Hearings: Any Unit Lessee/Owner, any Director or any employee of the Association's Management Company shall have the right to file a written complaint with the Secretary setting forth any alleged violation of the Declaration or Rules by any Unit Lessee/Owner, his tenant, any member of the Unit Lessee's/Owner's immediate family who resides in the Unit, or any guests or invitees of any Unit Lessee/Owner. If the President of the Association concludes that any Member complaint sets forth a violation, the President shall direct the Secretary to mail written notice to the Unit Lessee, at the Unit Lessee's address as registered with the Management Company, by certified or registered mail, postage prepaid and return receipt requested, advising such Unit Lessee of the nature of the violation and directing that he/she appear at a meeting of the Board for a hearing with respect to such violation. Such notice of violation must be mailed at least ten (10) days prior to the hearing and shall be accompanied by a copy of the written complaint. The Board shall conduct the hearing with respect to any such

violation. The Unit Lessee/Owner shall have the right to be represented by legal counsel and may present witnesses or other evidence subject to examination by the Board. If the Unit Lessee shall fail or refuse to appear, unless excused by the President for good cause, or if the Board shall determine, after hearing the evidence, that the alleged violation has been proven, then the Board may impose such fine, not to exceed the Maximum Fine then in effect, and/or may suspend all or any part of the Unit Lessee's/Owner's membership or voting rights and easement rights, with respect to the Common Areas and Facilities and Lot Restricted Areas, or portions thereof, as the Board deems appropriate under all the circumstances. The Board shall not, however, deny any Unit Lessee/Owner, his tenant or immediate family, guests or invitees the right of vehicular and pedestrian access over, through and across the private streets and sidewalks of the Common Areas and Facilities or the Lot Restricted Areas to the extent reasonably necessary to permit access to such Lessee's/Owner's Unit.

Any fine imposed by the Board may be collected in the same manner as Individual Assessments pursuant to the Declaration. The Board shall not be required to conduct the hearing required by this Section, in accordance with any particular rules of evidence or procedure, but shall conduct such hearing in a fair and impartial manner. Any Director who files a written complaint pursuant to this Section, shall not participate as a member of the Board which hears that written complaint.

Article XI, Section 11.5 Monetary Violations: The Board or Management Company shall not impose any fine with respect to any failure by a Unit Lessee/Owner to pay Regular Monthly Assessments, Special Assessments, Individual Assessments or other payments by a Unit Lessee/Owner, as required by the Declaration (herein "Monetary Violations"). The Board may, however, in addition to the Association's other remedies as set forth in the Declaration, suspend membership and voting rights and rights to use the Common Areas and Facilities and Lot Restricted Areas, or portions thereof, for any monetary violation not cured within sixty (60) days after written notice of such monetary violation is mailed to the Unit Lessee/Owner by certified or registered mail, postage prepaid and return receipt requested. The Unit Lessee/Owner may, within such sixty (60) day period, make written request to the management company for a hearing before the Board with respect to such monetary violation, and if the Unit Lessee so requests, the Board shall conduct a hearing following the same procedures as required by Section 10.4 above for other violations. The Board shall not, with respect to any Monetary Violation, suspend the right of vehicular and pedestrian ingress and egress through and over the Common Area to and from their respective Units by the Unit Lessee/Owner, members of his immediate family who reside in the Unit, his Tenant, or such Unit Lessee's/Owner's guests and invitees.

Article XI, Section 11.6 Judicial Enforcement: As also provided in the Declaration, the Board may, or cause to be filed, legal proceedings or suits in equity to enforce, collect or enjoin as may be necessary with respect to any enforcement action imposed by the Board pursuant to this Article; and should the Board prevail in any such legal or equitable proceeding, the Board shall be entitled to recover all attorney fees, court costs and other expenses incurred in connection with such proceedings.

Article XI, Section 11.7 Dispute Resolution: Except as provided elsewhere in these documents and in issues relating to actions of the Board regarding the Board's specific authority to manage the affairs of the Association, any controversy or claim arising out of or relating to the Articles,

the Declaration, these By-Laws, or Rules may be a basis for Mediation and/or Arbitration, provided the issue relates to an economic penalty placed against a member. Mediation and Arbitration are processes intended to eliminate undue economic hardship on individuals who cannot secure an amicable resolution with the Board. Mediation and Arbitration are not to be used as a method by a minority of members to frustrate the Board's ability to manage the affairs of the Association in a professional, efficient manner. The Election Committee is the final arbitrator as to whether an issue is subject to Mediation and/or Arbitration. If the Committee determines that there are grounds for Mediation and/or Arbitration, the Election Committee will arrange for a Mediator or Arbitrator and direct the Board to participate in the Mediation or Arbitration as soon as the service may be arranged. Determinations of the Election Committee are final and not subject to appeal.

Mediation: The parties shall first attempt to settle the dispute by mediation. Mediation is a form of dispute resolution sometimes used as a means of resolving disputes short of binding arbitration. Mediation provides to the parties the assurance that the settlement will be acceptable. It offers the advantage of informality, with reduced time and expense in resolving disputes. In mediation, the neutral person may meet with the parties, jointly or separately, in order to help them reach a settlement. The most common advantages to mediation are: (i) Parties are directly engaged in negotiating the settlement. (ii) The mediator, as a neutral third party, can view the dispute objectively and assist the parties in exploring alternative that they might not have considered on their own; (iii) Because mediation can be scheduled early in the dispute, a settlement can be reached much more quickly than in litigation. (4) Parties generally save money through reduced legal costs and less staff time. (5) Parties may enhance their relationship.

Arbitration: In the event the dispute is not settled by mediation, the dispute shall be submitted to binding arbitration. The parties may agree upon a person to act as sole arbitrator or they may request the services of a local or national company or group that provides arbitration and dispute resolution services. The determination of who to use may be mutually acceptable. The Arbitrator shall not have any power to add to, subtract from, modify, or alter in any manner, the provisions of the Articles, the Declaration, these By-Laws, or the Rules. The decision of the Arbitrator shall be limited to and be based solely on the provisions contained in the valid governing documents applicable at the time the dispute arose. The Arbitrator is to render a reasoned, written decision that includes finding of fact and conclusions. Each party shall pay the fees and costs of his/her own legal representative, if any. Each party shall pay one-half of the cost of a court reporter, if any, plus the entire cost of a transcript if they order a copy. The party which is unsuccessful in the arbitration proceeding shall pay the fees and expenses of the Arbitrator, unless the Arbitrator, based on the merit of the facts presented by the parties, determines as part of his award, that each party should pay a proportionate share of only the Arbitrator's fees and costs.

ARTICLE XII

INDEMNIFICATION

Article XII, Section 12.1 Indemnification: In the absence of fraud or bad faith and to the extent legally permitted by the Act, the officers and directors of the Association shall not be personally liable for any act or failure to act, performed by them within the scope of their authority, or while acting as they may reasonably believe proper for the benefit of the Association, nor shall said Officers and Directors be personally liable with respect to any debts or other liabilities of the Association. The Association shall indemnify and hold its present and past Officers and Directors