

**The AMENDED BY-LAWS of
The ENCHANT-A-RAMA WATER CO-OPERATIVE
July 2000**

ARTICLE I

I MEMBERSHIP

A person who wishes to be admitted to membership in this Co-operative Association, hereinafter the Co-operative, shall file with the Secretary of the Co-operative, an application for membership on such form as the Co-operative directors shall provide. The application form shall include, in addition to such other information as the board of directors may from time to time determine, a statement that the applicant is a landowner in the Enchant-A-Rama or Brazos Rim Subdivisions, that the applicant will comply with and be bound by the terms and conditions relating to membership contained in these by-laws and any amendments hereto, and that following acceptance of the application and hook-up, annual maintenance fees as determined by the board of directors shall be paid. Each member will pay these fees if additional water installations are constructed.

ARTICLE II

II MEMBERSHIP CERTIFICATES

A certificate shall be issued for each lot to which water service has been purchased. Each member will receive a numbered certificate as a bona fide receipt of membership in the Enchant-A-Rama Water Co-operative stating the lot to which the water is service is hooked up and whether the member is a user or non-user. Regardless of the number of certificates, each member has one membership and one vote in the Co-operative. Certificates may be reclaimed by the Co-operative when there is a default in payment of the annual maintenance fees. The Board of Directors is empowered to notify the delinquent member and demand payment within 30 (thirty) days. The delinquent member may request a hearing before the Board of Directors during that period. If the delinquent member does not pay the amount in default, or does not make some kind of settlement with the Co-operative through the Board of Directors, the water certificate that is in default will be reclaimed by the Enchant-A-Rama Water Co-operative.

ARTICLE III**III RESTRICTION ON TRANSFER OF MEMBERSHIP**

Memberships which shall be evidenced by a certificate, shall not be transferable except as follows:

- A. Under no circumstances can any person not eligible for membership acquire any membership or interest in any membership.
- B. If a member sells his or her land located within the subject property, his membership shall automatically pass to the purchaser, subject only to the approval of the board of Directors. The purchaser must immediately apply for membership in the Co-operative, and if the purchaser is accepted for membership, the selling member shall be automatically withdrawn from membership; as related to the land sold without the necessity of further action.
- C. If a member dies, his or hers membership shall pass to his or her devisee, which persons may then apply for transfer of membership.
- D. Any other purported transferee, including those claiming rights pursuant to act of any court, shall not have any rights of membership unless said transferee is eligible for membership under these by-laws.

ARTICLE IV**IV. EXPULSION**

A. The Board of Directors may establish rules for expulsion of any member of the Co-operative for failure to comply with the by-laws or any rules or regulations of the Co-operative, which the Board of Directors is hereby authorized to promulgate and enforce. In the event of the expulsion of any member of the Co-operative for any reason whatsoever, such expelled member's equity shall be entered in the books of the Co-operative and upon dissolution of the Co-operative, he or she will be entitled to a distribution to him or her of the Co-operative's remaining assets. No distribution to such expelled member need be made at the time of such expulsion.

B. A member who is expelled will be required to pay all legal fees incurred by the Co-operative in the expulsion process should the Co-operative need to use legal counsel.

ARTICLE V

V. WITHDRAWAL

A. A member may withdraw from membership only in the event of the sale of his or her land then represented by his or her membership, but such withdrawal shall not affect his or her liabilities, if any, then owing or accrued to the Co-operative. In the event of the withdrawal of any member from the Association, such withdrawing members' equity shall be entered in the books of the Co-operative and upon the dissolution of the co-operative such withdrawing member will be entitled to a distribution of his or her rights in the Co-operatives' remaining assets. No distribution to such withdrawing member need be made at the time of withdrawal.

ARTICLE VI

VI ASSESSMENTS AND DISTRIBUTIONS

Any assessments levied or patronage dividends paid will be based on the proportionate amount of business each member does and has done with Enchant-A-Rama Water Co-operative Association.

ARTICLE VII

VII MEETINGS OF THE MEMBERS

A. PLACE AND TIME. A regular meeting of the members shall be held at the principal office of the Co-operative or at such other place as the Board of Directors may, from time to time designate, between June 1st and September 8th, preferably on a weekend.

B. SPECIAL MEETINGS. Special meetings of the members may be called at any time upon ten days written notice to the members. Only the president may call a special meeting. The president may do so only upon direction from the Board of directors or upon written request signed by at least 40% of the members. No business may be transacted at any special meeting

unless such business is specified in the notice for such meeting. Business that should have been transacted at the regular meeting may be transacted at an ensuing special meeting if such business is specified in the notice of the special meeting.

C. VOTING. All members may vote in person or by mail on any issue and each member shall have one vote on each matter presented. A valid election shall occur when 51% of the current membership certificate holders have voted by mail, by proxy or by being present at the annual meeting. Voting by mail shall take place when the secretary sends to each member absent from the meeting an exact copy of the proposal to be acted upon at the meeting and a ballot. The mail vote of the member upon the proposal, if returned within twenty-one (21) days after mailing by the secretary, shall be counted together with the votes cast at said meeting and shall be counted for purposes of a quorum.

D. ORDER OF BUSINESS. The order of business shall insofar as possible be as follows:

1. Calling the roll
2. Reading and acting upon the minutes from the last meeting.
3. Presentation of the reports by the officers:
 - a. The Presidents Report
 - b. The Treasurers Report
 - c. Presentation of the Committee Reports
 - c1. The Committee on Finance Report
 - c2. The Committee on Nominations Report
 - c3. The Committee on by-laws Report
 - d. The election of Directors and Officers.
4. Old Business
5. New Business
6. Adjournment

ARTICLE VIII

VIII. BOARD OF DIRECTORS

A. QUALIFICATION AND TERM. From and including the sitting Board of Directors in the year 2000, the affairs of the co-operative shall be managed by a Board of Directors composed of five (5) or more persons who are water users. The Directors shall be elected according to a staggered term so that each year at least

one Director is elected by a simple majority of the membership. At least three (3) board members should be full-time residents of the Enchant-A-Rama, or Brazos Rim subdivisions, and the other board members must be at least landowners in such subdivisions. If there are not three (3) resident members to be elected as Directors, the Committee on Nominations may nominate seasonal residents to fill the positions. Board members shall serve for a term of three (3) years and until their successors are elected and duly qualified in their stead. A Director may be removed from office with or without cause by a vote of not less than a simple majority of the Co-operative membership at any regular or special meeting of the membership.

B. VACANCIES. In the event of any vacancy in the Board of Directors through death, resignation, or otherwise, the remaining Directors may, by a majority vote, elect a successor to hold office until the next annual meeting at which time a Director shall be elected by the membership.

C. DUTIES OF THE DIRECTORS.

1. Directors shall be responsible to the membership to uphold the by-laws and for operating the Co-operative accordingly.
2. Directors shall be responsible for the fiscal management of the Co-operative. They shall prepare an annual budget, recommend annual maintenance fees, and secure an audit through the Committee on Finance, all of which shall be presented at the Annual Meeting.
3. Directors shall keep minutes and submit all actions that took place on behalf of the membership to the Annual Meeting for approval at that time.
4. Directors shall insure that the water system shall be operating at optimum efficiency, ordering repairs and doing whatever else is necessary toward serving and maintaining the system.
5. Directors shall employ the manager of the water system and report to the Annual meeting who is being engaged for this responsibility and what remuneration is being paid.
6. Directors, on behalf of the Co-operative members, may enforce the Protective Covenants as deemed necessary.

7. Directors shall prepare an agenda and solicit agenda items from the membership twenty-one (21) days before the annual meeting and shall send out any ballots necessary to vote on matters that require a quorum.
8. No compensation shall be paid to a Director other than for his or her actual expenses incurred or owing after a resolution has been adopted by the Board of Directors authorizing payment for services rendered.
9. A meeting of the Board of Directors shall be held just after the Annual Meeting of the membership. Notice of Board Meetings shall be given in the same manner as notice of the membership meetings.
10. A Director may be removed, with or without cause, by a vote of a simple majority of the members at a regular or special meeting. The Director involved shall have an opportunity to be heard at the same meeting.

ARTICLE IX

IX OFFICERS

A. ELECTION OF OFFICERS. There shall be a President, Vice-President, Secretary, and Treasurer of the Co-operative Association. The President and Vice-President must be Directors. All officers shall serve without compensation, except that they may be reimbursed for actual expenses incurred on behalf of the Co-operation.

Each officer handling funds or securities amounting to \$1000 or more in any one year shall be covered by an adequate bond as determined by the Board of Directors and at the expense of the Co-operative.

B. DUTIES OF OFFICERS.

1. President and Vice-President. The President, or in the case of his or her absence, death, or disability, the Vice-President, shall sign all certificates of membership, preside at all meetings of the members, and shall have general supervision and control of all other officers and employees of the Co-operative. The Vice-President shall exercise all the powers of the President at any time or place where the President is not actually present and competent to act. The President shall only vote at Board meetings when his

vote is needed to break a tie vote. The President, with the approval of the Board of Directors, shall appoint members to all committees.

2. Secretary. The Secretary shall counter-sign all certificates of membership, keep minutes of all meetings, maintain a record of all transactions of the Co-operative and maintain books as prescribed by the statutes of this state. Should the Board of Directors require it, the Secretary shall present an oath to Board members for the faithful discharge of their duties.

Additionally, the secretary shall with the President, present the annual reports required by law to the State Corporation Commission. The Secretary shall be responsible for all communiqués between the Board of Directors and the membership. Twenty-one (21) days before the Annual meeting, the Secretary shall send out the agenda, the Directors minutes, and ballots necessary to make a quorum for matters to be voted upon at the Annual meeting.

3. Treasurer. The Treasurer shall have the custody and control of all money and funds of the Co-operative. He or she shall, at reasonable intervals, report to the Board of Directors the financial status of the Co-operative. He or she shall immediately deposit, in the Co-operative's name, all funds received by him or her on behalf of the Co-operative.

C. REMOVAL OF OFFICERS. Any officer may be removed office, with or without cause, by a vote of not less than two-thirds (2/3) of the members voting at a regular or special meeting.

ARTICLE X

X DUTIES OF THE COMMITTEES.

A. COMMITTEE ON FINANCE shall, with the cooperation of the Board of Directors, obtain a yearly audit for presentation at the Annual meeting. They shall be conferred with concerning annual maintenance rate changes and hook-up costs.

B. COMMITTEE ON NOMINATIONS shall evaluate the effectiveness of directors and make any recommendations for changes to the membership. They shall present a slate of directors to the membership to be voted upon at the Annual Meeting. The slate shall include one nominee to fill an expired term and any other vacancies on the Board of Directors that need to be filled. They shall

also submit nominations for committee chairpersons for the coming year and prepare a ballot for such elections which may be taken by mail in order assure a quorum.

ARTICLE XI

XI CHANGE OF OWNERSHIP OF THE WATER SYSTEM.

Enchant-A-Rama Water Co-operative received the water system from Enchant-A-Rama, Inc. on August 23, 1986 at the Enchant-A-Rama Water Co-operative Annual Meeting. By doing so, it is understood that the Co-operative shall have no responsibility and shall not be liable for any liabilities incurred by the contractor in the development of the water system. It is understood that Enchant-A-Rama, Inc. will receive legal ownership and the right to sell to new members. This amounts to the lots in Enchant-A-Rama and the Brazos Rim subdivisions that currently do not have membership certificates. Water development at other sites will be at the discretion of the Enchant-A-Rama Water Co-operative.

ARTICLE XII

XII NOTICE AND WAIVER OF NOTICE

Any notice required to be given by these by-laws may be given by mailing the same, addressed to the person entitled thereto, as his or her address is shown on the Co-operative books, and such notice shall be deemed to be given at the times of such mailing. Any member, director, or officer may waive any notice required to be given by these by-laws by appearing at any meeting to which such notice pertains and/or by affixing his signature to the minutes of such meeting.

ARTICLE XIII

XIII AMENDMENTS

These by-laws may be altered, amended, or repealed by a majority vote of all members of the Co-operative.

C E R T I F I C A T E

We, the undersigned, Officers and Board of Directors of Enchant-A-Rama Water Co-operative Association, a corporation organized and existing under and by virtue of the laws of the State of New Mexico, do hereby certify that the above and foregoing by-laws were duly adopted as the by-laws of said corporation at an annual meeting of the corporation held on September 9, 1999 and that the same do constitute the by-laws of said corporation.

Dated this 20th day of August 2000
~~1999~~

Leo R. Cowder
Leo R. Cowder, President, Director

Ron Fernandez
Ron Fernandez, Vice President, Director

Alice B. Cowder
Alice B. Cowder, Secretary

Allison M. Parks
Allison Parks, Treasurer, Director

John Gebman
John Gebman, Director

Bruce Pierce
Bruce Pierce, Director

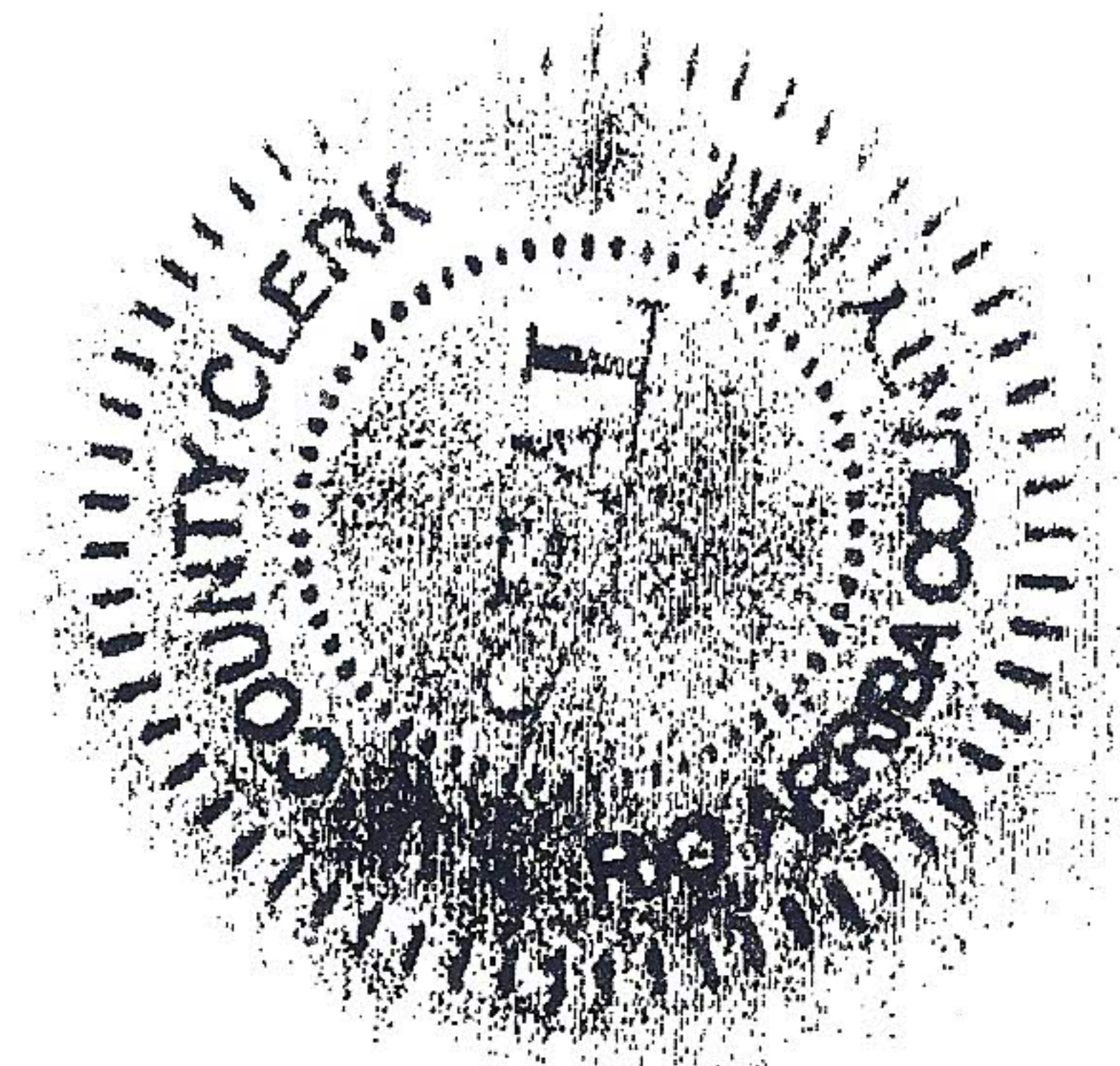
Ron Mershon
Ron Mershon, Director

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FILED IN THE COUNTY CLERK'S OFFICE
AT 2:25 O'CLOCK P.M.
Book 319 Page 58-66

AUG 30 2000

Karen A. [Signature]
County Clerk RA County
New Mexico
Deputy



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