

OFFICE OF THE  
PUBLIC REGULATION COMMISSION

CERTIFICATE OF AMENDMENT

OF

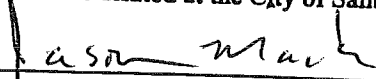
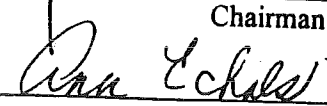
LOWER ARROYO HONDO MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS ASSOCIATION (LOWER ARROYO HONDO MDWCA)  
3348281

The Public Regulation Commission certifies that duplicate originals of the Articles of Amendment attached hereto, duly signed and verified pursuant to the provisions of the  
SANITARY PROJECTS ACT  
(3-29-1 to 3-29-19 NMSA 1978)  
have been received by it and are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the Public Regulation Commission issues this Certificate of Amendment and attaches hereto a duplicate original of the Articles of Amendment.

Dated: MAY 12, 2008

In testimony whereof, the Public Regulation of the State of New Mexico has caused this certificate to be signed by its Chairman and the seal of said Commission to affixed at the City of Santa Fe.

  
Chairman  
  
Bureau Chief

April 24, 2008

FILED IN OFFICE OF  
NM PUBLIC REG. COMM.

MAY 12 2008

CORPORATION BUREAU

Public Regulation Commission  
Corporation Department  
Attn. Document Division  
P. O. Drawer 1269

**Re: Amending Articles of Incorporation**

We, the undersigned officers of the association mentioned below, a New Mexico Corporation formed and operating under the provisions of the Sanitary Projects Act of the State of New Mexico, do hereby certify that at a special meeting of the members of this Association was duly called and held at the Lower Arroyo Hondo Community Center, New Mexico on April 6, 2008.

The following resolution adopting Articles of Incorporation was voted by members of the Association present at such meeting, to wit:

BE IT RESOLVED: That we, the Members of the Central Arroyo Hondo MDWC & MSWA, **which is known by the community as Lower Arroyo Hondo MDWCA** desire to amend entirely the 1968 Articles of Incorporation to comply with the provisions of the Sanitary Projects Act of the State of New Mexico, Chapter 3, Article 29, NMSA 1979, Sections 3-29-1 through 3-29- 20 as amended.

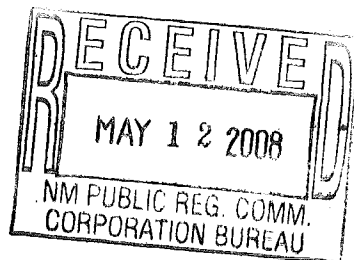
Please file the amended Articles of Incorporation. Thank you.

Sabille T. Rendon President

Date: 04/24/08

Willie M. Rendon Secretary/~~Treasurer~~

Date: 4/24/08



MAY 12 2008

CORPORATION BUREAU

**ENTIRELY AMENDED  
ARTICLES OF INCORPORATION  
OF**

**Central Arroyo Hondo Mutual Domestic Water Consumers' and Mutual  
Sewage Works Association**

**RESOLUTION**

WHEREAS, the Members of the Central Arroyo Hondo MDWC & MSHA, **which is known by the community as Lower Arroyo Hondo MDWCA** desire to amend entirely the 1968 Articles of Incorporation to comply with the provisions of the Sanitary Projects Act of the State of New Mexico, Chapter 3, Article 29, NMSA 1979, Sections 3-29-1 through 3-29- 20 as amended.

NOW, THEREFORE, As of April 6, 2008 be it resolved that the Articles of Incorporation of the Association be, and are hereby amended entirely to read as follows:

**Article I**

The corporate name of this Association shall be:

**LOWER ARROYO HONDO MUTUAL DOMESTIC WATER CONSUMERS AND MUTUAL  
SEWAGE WORKS ASSOCIATION (Lower Arroyo Hondo MDWCA).**

**Article II**

The Association shall have perpetual existence.

**Article III**

The principle business of this Association shall be at: Lower Arroyo Hondo, Taos County, New Mexico.

**Article IV**

The objects and purposes for which the Association is formed are as follows:

Section 1. To associate its Members together for their mutual interest and benefit and to that end, to acquire, construct, install, maintain and operate a water and/or sewer system for the supplying and distribution of water for domestic uses and/or for the collection of sewage for its Members; and to engage in any activity related thereto, including, but not limited to, the acquisition of water by purchase, appropriation, lease or otherwise; and the diversion and storage thereof; the drilling, pumping and purchase; laying installation; operation, maintenance and repair of wells, pumping equipment, canals, ditches, structures, pipelines, valves and all other material and equipment necessary to the construction, repair, maintenance and operation of a complete domestic water supply distribution system and a sewage collection and treatment facility.

Section 2. To borrow from any source, money, goods or services and to pledge or mortgage any of its property as security therefore, in any manner permitted by law.

Section 3. To acquire and hold, own and exercise all rights of ownership in and to sell Memberships of the Association.

Section 4. To buy, lease, hold and exercise all privileges of ownership in and to the real or personal property as may be necessary or convenient for the conduct and operation of the Association.

property as may be necessary or convenient for the conduct and operation of the Association.

Section 5. To levy assessments and make charges for water and sewer services in such manner and in such amount as may be provided in the Rules and Regulations of this Association.

Section 6. To have and to exercise all power, privileges and rights conferred on nonprofit Associations or corporations by the Laws of the State of New Mexico, all of which are hereby expressly claimed, including all powers which may be necessary, convenient or expedient for the accomplishment of the purposes of this Association, except such powers as are inconsistent with the provisions of the Act under which this Association is incorporated.

Section 7. The principle activities and business of this Association will be carried on in Taos County, State of New Mexico, but its entire business and activities will not necessarily be limited to said County.

## Article V

### **Election of Directors**

The business and affairs of this Association shall be conducted and managed by a Board of Directors, consisting of five (5) Members (*the minimum is three (3), must be an odd number, there is no maximum*), all of whom shall be Members in good standing of this Association.

The Members of the Board of Directors shall be elected biannually-every two years from the Membership of the Association, for staggered terms.

Elections every two (2) years provide a system of staggered four (4) year terms, so that three (3) directors will be elected in one (1) year and two (2) years later the other two (2) directors shall be elected. The staggering of the terms begins with the election of three directors at the Association the very first election after approval of this Articles of Incorporation. The directors shall draw lots to designate who the first three will be. Two years later the other two directors shall be elected.

Officers shall be selected from the elected directors in the manner provided in the Association Bylaws.

## Article VI

### **Membership**

The Association shall have no capital stock and no shares of stock shall be issued by said Association to its Members. Membership in this Association shall be represented and evidenced by a Membership Certificate issued by the board of directors.

Any person in the community who owns a house or who owns property or is inherited property in the community to place a home within the community water system, even if said person does not reside in the community at present but intends to reside in the future, may become a member by applying for membership to the board of directors and upon being approved, by paying the current non refundable membership fees as set by the board, and upon complying with the Articles, Bylaws and Rules of the Association. Membership is required for each hookup or in case of vacant property for each future hookup in the Association. Thus a land/property owner may purchase more than one Membership and receive more than one Membership Certificate.

## Article VII

### **Voting**

Notwithstanding any provision made in Article VI above, for issuing more than one Membership Certificate, for the purpose of equalizing assessments against Membership Certificates on the basis of services rendered by the Association, each person being a Member shall be entitled to one and only one vote in the affairs and business of this Association regardless of how many Membership Certificates he or she owns in the property.

Where there is joint property ownership the one vote can be split so that all owners of said property are allowed to vote as long as it adds up to one vote. For example, a husband and wife get .5 of a vote each for a total of one vote. When there is multiple owners, the owners may designate a representative who will vote and participate in the matters of the association.

**Voting by proxy and/or by mail shall not be allowed.**

## Article VIII

### Dissolution, Merger, Reincorporation

In the event this Association shall be directed by the Members to dissolve, the Board within the time designated by the Members or any extension thereof, shall liquidate the assets of this Association and shall pay its debts and expenses, shall return to the Members the amount of the Membership fees paid for Membership certificates.

In the event this Association shall be directed by the Members to merge or consolidate with another entity (s), the Board within the time designated by the Members or any extension thereof, shall create a merger plan and execution there of with minimum impact in the services provided to the membership and within the process as provided by state statute. The association will merge assets and liabilities and will dissolve the corporation.

In the event this Association shall be directed by the Members to reincorporate, the Board within the time designated by the Members or any extension thereof shall follow the process as provided by law.

## Article IX

### **Amendments**

These articles may be repealed or amended by a vote of the majority of the Members present at any Annual Meeting of the Association, provided that there is quorum, or at any special meeting of the Association called for that purpose, except that so long as any indebtedness is held by or guaranteed by the USDA/Rural Development, the Members shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the Association or its Members, or to amend the articles as to effect a fundamental change in the policies of the Association without prior approval of the USDA/Rural Development in writing.

Article X

**Registered Agent**

The board of directors will designate a registered agent for the Association.

IN WITNESS WHEREOF, we, the Board Members, have set our hands and seals this 24 day of April, 2008.

Isabelle T. Rendón President (Signature & Title)

PAUL C JARAMILLO VICE PRESIDENT (Signature & Title)

Miguel Mando Secretary (Signature & Title)

Frank M. Mares TREASURER (Signature & Title)

Jorge M. Mares Member (Signature & Title)

STATE OF NEW MEXICO, COUNTY OF COUNTY

The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of April, 2008.

By those persons signing above.

Dorenda Doreana Mares

Notary Public

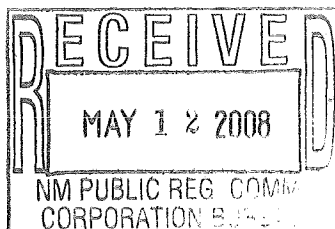
My commission expires: 4-10-2012

The total number of Members of this Association is: 76.

Miguel Mando

Secretary

The following is a list of the names of all Members of the Association.

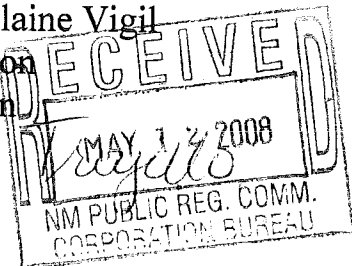


## Members List

Christine Abeyta  
Paige Anderson  
Celso Arellano Jr  
Lester Arellano  
Lester Arellano  
Lucia Arellano  
Marbella Arellano  
Frank Armijo  
Arroyo Hondo Community Center  
Arroyo Hondo Post Office  
Bertha Chacon  
Jesse & Sally Chacon  
Greg & Suzanne Chase  
Harold & Linda Cisneros  
Grace Community Church  
Carolina Dominguez  
Elijia Espinoza  
Elijia Espinoza  
Elijia Espinoza  
Gilbert & Deborah Graves  
Alyson Lerner  
Herb's Lounge  
Becky Holt  
Michael & Ann James  
Nickolas Jaramillo  
Paul & Jenny Jaramillo  
Freddie & Lorraine Johnson  
Michael Kittredge  
Rebecca Kittredge  
Cornelia Kittredge  
Frank & Thelma Mares  
Steve & Yolanda Mares  
Dianna Martinez  
Gilbert & Doreenda Martinez  
Gilbert & Doreenda Martinez

Gerald Martinez  
Marcia Martinez  
Raul Martinez  
Steven & Anna Martinez  
Steven & Anna Martinez  
Dolores Medina  
Herbert & Georgina Medina  
Jesse & Ramona Medina  
Tony & Odilia Medina  
Olaf Mingo  
Joe & Belinda Montoya  
Rubana Montoya  
Carlos Ortega  
Carlos Ortega  
Leonard & Karen Ortega  
Miguel Ortega  
Noberto & Flora Ortega  
Samuel Ortega  
Max & Brenda Ochoa  
Israel & Santana Padilla  
Robert & Berlin Padilla  
Robert & Berlin Padilla  
Milton & Adelida Pease  
Steve Rael  
Rudy Rael  
Robert Rael  
Charlie Rendon  
Isabelle Rendon  
Andy Romero  
David & Quirina Sanchez  
Genara Sanchez  
Tom Sanchez  
Lara Santoro  
Eleanor Smith  
Euclides Sohn  
Jace & Paula Trujillo  
Glady's Valenzuela  
Arnold & Elaine Vigil  
Sylvia Wilson  
Paul Wyman

*Charlie*







This form has been adopted from the  
USDA Form (FmHA-NM Instruction 1942-A  
Guide 2) by Rural Community Assistance  
Corporation (RCAC).

# BYLAWS

## Of the

### Lower Arroyo Hondo MDWCA

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A Non-Profit Association Formed Under the Sanitary Projects Act (SPA).

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## **Resolution**

WHEREAS, the Members of the Lower Arroyo Hondo MDWCA, hereafter referred to as the Association, desire to amend the bylaws previously adopted by the Membership.

As stated in the Sanitary Projects Act (SPA) Articles of Incorporation and Bylaws and all amendments thereof must be approved by the Membership and must be filed with the New Mexico Public Corporation Commission (PRC).

If any provisions of the Bylaws and/or Articles of Incorporation contradict one another, the document either Articles of Incorporation or Bylaws last amended as approved by the Membership must prevail. The Membership must take the necessary steps to amend the document needing amendment.

NOW, THEREFORE be it resolved that these Bylaws were adopted by the Membership of the Association on October 19, 2008 and they hereby are amended to read as follows:

## **ARTICLE I**

### **Name, Objects, Purposes, Principal Place of Business**

- A. The corporate name, the objects and purposes of this Association shall be as stated and provided in the Articles of Incorporation of the Association.
- B. The principal office of the Association shall be located in Taos County, New Mexico. The Association may have such other offices within the County, as the Board of Directors may designate or as the business of the Association may require from time to time.

## **ARTICLE II**

### **Seal**

The Seal of this Association shall be in the form of a circle and shall have inscribed in it the name of the Association in a circular fashion, the year of its organization and the words "Non-Profit Association." The secretary of the Association shall have custody of the seal.

## **ARTICLE III**

### **Fiscal Year**

The fiscal year of the Association shall begin on the first day of July of each year.

## **ARTICLE IV**

### **The General Membership**

#### **Section 1. Membership Qualification, Type, and Availability**

- A. Any person in the community who owns a house or who owns property or is inherited property within the community water system, even if said person does not reside in the community at present but intends to reside in the community and utilize water service from the community is eligible to purchase a membership by showing proof of property ownership or by showing a written document from the property owner stating that the applicant is heir to the property, payment of a non refundable Membership fee, payment of other fees and/or obligations such as water rights, and complying with other requirements as stated in the Rules and Regulations of the Association.
- B. The Association shall have residential and non residential Memberships as stated in the Rules and Regulations of the Association.
- C. In the case of a Membership where there is more than one individual property owner, the owners shall designate in writing a single individual to act as their official representative, who shall be entitled to one (1) vote for the Membership. Such designation may include alternative designated Members who may replace the initial designated Member. All actions taken by the designated Member or the replacement shall be binding on all other property owners.
- D. Provided, however, that Membership may be denied if the physical infrastructure or legal capacity of the Association is inadequate to supply the needs of its existing Members and/or if it shall cause a financial hardship to its existing Members and/or is prohibited by funding agencies.
- E. In the event of a shortage of water, the Association shall take appropriate measures to provide water to meet the needs of existing Association Members before consideration of new Membership applications for new Members or existing Members.

**Section 2. Additional Memberships & Service Connections.**

Additional application for Membership for existing Members shall be considered, provided that the Association and/or Association Board of Director's has:

- a. adequate infrastructure capacity,
- b. meets the current needs of its Members,
- c. considered the revenue requirements of all Members,
- d. considered that new service connections shall not cause undue hardship to the Association,
- e. been assured that the applicants bring or pay for water rights
- f. been assured that the applicants pay for all expenses associated with the new connections, and
- g. been assured that the applicant complies with the Association Articles of Incorporation, Bylaws and Rules and Regulations.

**Section 3. Service to Non Members**

- A. Provided that there is sufficient water supply, water rights, and infrastructure capacity after the domestic and safety needs of its Members have been met, the Association may provide water service to non Members but only after specific written approval and authorization has been obtained from the Board of Directors.
- B. Domestic usage shall have priority over other uses.

**Section 4. Approval of all Memberships and Connection to System**

- A. All applications for Membership and/or transfer of Membership to another owner shall be approved by the Board of Directors.
- B. Connection to the system shall only be approved and completed after the applicant has paid or agreed to pay all associated Membership and connection/hook up fees and has complied with other requirements as stated in this Bylaws and Rules and Regulations of the Association.
- C. Membership shall not be denied because of the applicant's race, color, creed, national origin or sex.

**Section 5. Construction Criteria.**

- A. All service connections into the Association shall meet the Association construction criteria.
- B. All service connections requiring distribution line extension shall be paid for by the applicant unless public funding has been approved including such connection within the stated scope of such project.
- C. The Member shall be responsible for maintaining all water lines from his/her metering facility and shall promptly repair all water leaks or damaged pipes.

**Section 6. Eminent Domain**

- A. The Association acting through its Board of Directors may exercise the right of eminent domain to take and acquire the necessary property or rights of way for the construction, maintenance and operation of water and sewer lines and related facilities.
- B. The Association shall exercise this right in the manner provided by the NM Eminent Domain Code.

**Section 7. Rights, Privileges and Obligations of Members**

- A. The rights, privileges and obligations of all Members of this Association shall be equal.
- B. Individual Members shall not have any legal interest or ownership in the assets of the Association.

**Section 8. Voting**

- A. Each Member shall be entitled to one vote on each matter submitted to vote at a meeting of the Members, irregardless of how many connections and/or hookups they own.
- B. No Member shall be permitted to vote in any election unless the Membership has been approved by the Association Board of Directors for at least thirty (30) days prior to any election.
- C. Voting by mail will not be permitted.
- D. Voting by proxy will be permitted when the member uses a Proxy Form provided for the Association. Proxy votes do not constitute quorum.

**Section 9. Form of Membership Certificate**

The Board of Directors shall determine the form of Membership certificate and the same shall be signed by the President attested by the Secretary-Treasurer or another Board Member.

**Section 10. Membership Book/Record**

As a part of the records of the Association, there shall be kept an official Membership Book/Record which shall contain a list of the certificates of Membership which have been issued.

**Section 11. Transfer and/or Purchase of Existing Membership**

- A. Membership may be transferred to another property owner but not another property provided that any required transfer fee has been paid to the Association and that the transferee shall be eligible for Membership and shall be approved by the Board of Directors. Any indebtedness to the Association shall be paid in full before the transfer is processed and noted on the books of the Association.
- B. A transfer of Membership or alternate designation of Member for a property with more than one owner, shall only be approved upon receipt of a written request and/or a demonstration of property conveyance by appropriate instrument filed in the County Clerk's office. Upon approval of such transfer, a new Membership Certificate shall be issued and the prior Membership Certificate shall be terminated and void for all future uses and purposes of the Association.
- C. The Directors may purchase a Membership on behalf of the Association in accordance with the Rules and Regulations of the Association. In the event of the purchase of the Membership by the Association, the proceeds shall first be applied to the payment of any indebtedness due to the Association by the Member.

**Section 12. Membership Status in Good Standing**

Members of the Association have the obligation to keep the Membership in good standing paying their bills as specified in the Rules and Regulations so that the Association operates in the best manner to provide safe drinking water to all users.

**Section 13. Terminating the Supply of Water/Sewer Service.**

- A. The Board of Directors shall have the authority to terminate the delivery of water service to a delinquent Member and/or other causes as stated in the Rules and Regulations of the Association.
- B. The Board shall act after a written notice of delinquency has been sent to the delinquent Member by mail, certified mail, and/or by posting on premises of the service meter or location.

**Section 14. Terminating Membership & Voluntary Relinquishing**

- A. In addition to terminating the water supply, the Board of Directors shall have the authority to terminate the Membership of any Member in the event of non-payment of any water charges or

assessments owing by such Member or for violating the Association's Bylaws, Rules and Regulations, or policies.

- B. The Association shall not terminate any Membership until after a written notice of the delinquency or violation has been sent to the Member by mail, certified mail and/or by posting on premises of the service location.
- C. The Association must collect any amount due to the Association from a terminated Membership. In accordance with the Sanitary Projects Act, the Association through its Board of Directors may place a lien on the property in the manner provided by the laws of the state.
- D. Any property owner whose Membership has been terminated may be eligible to apply for a new Membership upon payment of all previously owed monies and compliance with Membership application set in this bylaws and all Rules and Regulations of the Association.
- E. Any Member may voluntarily relinquish their Membership. The Association shall issue a written verification/notification of the termination or voluntary relinquishment of any Membership. Termination of Membership in any manner shall not release the Member or the Member's estate or successors from any debts due to the Association, which must be paid in full.

## **ARTICLE V**

### **Meetings of the Membership**

#### **Section 1. Purpose of Annual Membership Meeting**

The general purpose of the annual meeting is to provide an opportunity for the Members to hear from the Board of Directors regarding the Association management during the previous year such as reports regarding revenue and expenditures, changes to and the condition of the water system, and to transact such other matters as may properly come before the Members such as elections of directors. Failure to hold the annual meeting at the designated time shall not work as forfeiture or dissolution of the Association.

#### **Section 2. Meetings Agenda**

The order of business at the meeting of the Membership, and as far as possible, at other meetings, shall be:

- 1. Determination of existing or non-existing quorum
- 2. Call to order
- 3. Proof of notice of meeting
- 4. Approval of Agenda
- 5. Reading and approval of previous Membership meeting minutes
- 6. Report and Approval of officers and committees,
  - a. President's report
  - b. Treasurer's report including financial statement report.
  - d. Other reports
- 7. Election of directors, if appropriate
- 8. Unfinished business
- 9. New business
- 10. Adjournment

#### **Section 3. Date, Time, Location & Quorum of Annual Membership Meeting**

- A. A general meeting of the Members of this Association shall be held every year in the community of Lower Arroyo Hondo some time in the months of September and October. The Board of Directors will set the specific date, time and location and will inform the Members 10 days in advance of the date, time and location of the meeting.
- B. Members present at the meeting will constitute a quorum to conduct business.

#### **Section 4. Calling for a Special Meetings**

- A. Special meetings of the Members of the Association may be called at any time by:
  - a) the President upon a resolution of the Board of Directors,
  - b) upon a written request signed by any two Directors, or
  - c) upon a written petition to the President of the Board, signed by ten (10%) percent of the Members.
- B. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted thereat, except such as is specified in the notice.

#### **Section 4. Notice of Meetings**

- A. Notice of all meetings shall follow the NM Open Meeting Act (OMA).
- B. Unless otherwise specified in the OMA resolution adopted annually by the Board, notice will be given as follows, at least ten (10) days prior to the annual meeting; three (3) days prior to a special meeting; one (1) day prior to an emergency meeting.
- C. Such a notice will state the nature, time, place and purpose of the meeting.
- D. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action that may be taken by the Members at such meeting.

#### **Section 5. Quorum for other than Annual Membership Meeting**

- A. Ten (10%) percent of Members, present in person, of the Association shall constitute a quorum at special meetings of the Membership.
- B. If a quorum is present, unless otherwise provided by law, the affirmative vote of a majority of the Members at the meeting entitled to vote on the subject matter shall be the act of the Members.
- C. After a quorum has been established at a Member's meeting, the subsequent withdrawal of Members, so as to reduce the number of Members entitled to vote at the meeting below the number required for a quorum, shall not affect the validity of any action taken at the meeting or any adjournment thereof.

#### **Section 6. Membership Concurrence Needed**

The following actions shall require the affirmative vote or concurrence of the Members of the Association:

- A. Adopting an amendment or amendments to the Articles of Incorporation and/or Bylaws;
- B. Authorizing the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Association, not in the usual and regular course of business;
- C. Approving a plan of merger, consolidation, or exchange
- D. Adopting a resolution to dissolve the Association;

### **ARTICLE VI**

#### **The Board of Directors**

##### **Section 1. Number of Directors**

A Board of five (5) directors shall manage the business and affairs of this Association.

##### **Section 2. Eligibility Requirements**

- A. All Members shall be eligible and encouraged to become a director of the Association.
- B. Board Members are required to be in good standing with payments due to the Association per Rules and Regulations.
- C. No two or more family Members who live in the same residence may serve on the Board at the same time.

### **Section 3. Elections & Terms**

The Members of the Board shall be elected annually to staggered terms of two years;

- A. The members of the board of directors **shall be elected biennially (every two years)** for staggered terms of four (4) years each.
- B. At the first election, the five current directors shall number the positions from #1 through #5 and draw lots; positions #1 through #2 are to be elected in this first election; positions #3 through #5 are designated to go through elections in two years.

### **Section 4. Selection and Meeting of the Officers**

- A. The Board of Directors shall meet within thirty days after the holding of the election to select among themselves a President, Vice-President, Secretary, Treasurer (Secretary/Treasurer) and Member at Large.
- B. Each of whom shall hold office through the next annual Membership meeting and until the election and qualification of his or her successor unless removed by death, resignation, or for cause.

### **Section 5. Responsibilities, Duties and Powers**

The Board has the following responsibilities:

- a) Comply with Federal and State laws that govern the delivery of drinking water and management of the drinking water systems.
- b) Select staff and contractors, as appropriate, delegate of authority to them necessary for the management of the Association's business;
- c) Control of expenditures by authorizing budgets;
- d) Establishing water charges/rates, penalties, fees and the levying of assessments and the enforcement and collection thereof, in accordance with the provisions of these bylaws, equitable uniform rules and regulations and the Laws of the State of New Mexico.
- e) Make and adopt Rules and Regulations/ operating policies not inconsistent with law, the Articles of Incorporation or these Bylaws,
- f) Keeping Members fully informed of business of the Association;
- g) Causing of audits to be made from time to time as is necessary or required by Federal and State Laws;
- h) Studying the requirements of Members and promoting good Membership;
- i) Prescribing the form of Membership certificates;
- j) Have the general power to act for the Association in any manner not prohibited by Statute or the Articles of Incorporation
- k) Pursue sustainable management and financial methods, including accounting, audits, and/or conservation practices.

### **Section 6. Board Conflict of Interest and Disclosure**

Directors must avoid actual or apparent conflict of interest and must disclose to the full Board any such conflict.

### **Section 7. Board Training Requirement by State Law**

- A. Board Members are required to attend training as stipulated in state statute. The purpose of the training is to help clarify, understand, and/or expand knowledge of their duties and responsibilities as Board Members.
- B. Travel and related expenses must be reimbursed by the Association.

### **Section 8. Compensation of Directors**

- A. The Association will pay/reimburse expenditures for training and related efforts that would

- enable a Board Member to perform more effectively on behalf of the Association.
- B. The Board of Directors of the Association may receive a monthly stipend for being on the board that shall equal the base rate for monthly water service.
- C. In order to comply with the Audit Act, the Association shall issue a check in the amount of the stipend or reimbursement to each board member.

#### **Section 9. Vacancies**

At any time that a vacancy or vacancies develop in the Board the remaining Board Members should take action at their next meeting to fill the vacancy (s) by appointment of another Member.

#### **Section 9. Removal of Member of the Board of Directors**

- A. Any Director or officer of the Board may be removed from office for cause shown by a vote of not less than two-thirds (2/3) of the Members of the Association present at any annual meeting, or at any special meeting called for that purpose, provided that a quorum is present. The Director or officer shall be informed in writing of the charges against him/her at least ten (10) days before such meeting. The Director/officer may appear in person or by counsel, and present witnesses in his/her behalf.
- B. Self Removal of Members of the Board of Directors - Any Member of the Board of Directors who fails to attend as many as three (3) consecutive meetings (regularly scheduled or special) of the Board of Directors in a one year period and without prior notification and cause shall be deemed to have resigned from the Board.

### **ARTICLE VII**

#### **Duties of Board Members and Officers**

#### **Section 1. Meetings of the Board of Directors**

- A. The Board shall hold meetings at regular intervals throughout the year as specified in the Open Meetings Act Resolution or by a resolution of the Board.
- B. Each year, the Board shall adopt an Open Meetings Act Resolution.
- C. A majority of the Board at any meeting shall constitute a quorum for the conduct of business thereat.
- D. All meetings of the Board are open to the Membership/public as required by the Open Meetings Act.
- E. Special or emergency meetings of the Board of Directors may be called by the President or by any two (2) Directors, who shall fix the time and place for the holding of the meeting.

#### **Section 2. Duties of the President**

- A. The President shall preside over all meetings of the Association and the Board of Directors, shall call special meetings of the Board of Directors and perform all acts and duties usually performed by an executive and presiding officer.
- B. He or She shall sign all Membership certificates, notes, bonds, mortgages, contracts and other instruments on behalf of the Association.
- C. He or she shall be an ex-officio Member of all standing committees and shall have such powers and shall perform such other duties as may be properly required of him or her by the Board of Directors.

#### **Section 3. Duties of the Vice-President**

- A. The Vice-President, in the absence or disability of the President, shall perform the duties of the President.
- B. However, in case of death, resignation or disability of the President, the Board of Directors may

declare the office vacant and elect his or her successor, to fill the unexpired portion of the president's term.

C. The Vice- President may be in charged of all technical matters of the Association.

#### **Section 4. Duties of the Secretary**

- A. If the Association has either a full time or part-time staff, some of all duties of the Secretary may be delegated to the staff person, but the responsibility for their proper execution remains with the elected Secretary acting in behalf of the Board and the Association.
- B. The Secretary, unless otherwise directed by the Board of Directors, shall:
  - a) Keep a complete record of all meetings of the Association and of the Board of Directors;
  - b) Attest the President's signature on all Membership certificates and other papers pertaining to the Association;
  - c) Keep the corporate seal, complete and attest all certificates issued and affix said Association seal to all papers requiring seal;
  - d) Keep a proper Membership certificate record, showing the name of each Member of the Association and date of issuance, surrender, transfer, termination, cancellation or forfeiture;
  - e) Prepare, serve, mail, or deliver all notices required by law and by these bylaws;
  - f) Make a full report of all matters and business pertaining to his or her office to the Members at the annual meeting, or at such other time or times as the Board of Directors may require.
- C. Upon the election of his or her successor, the Secretary shall turn over to him or her all books and other property belonging to the Association that he or she may have in his or her possession.

#### **Section 5. Duties of the Treasurer**

- A. If the Association has either a full time or part-time staff, some of all duties of the Treasurer may be delegated to the staff person, but the responsibility for their proper execution remains with the elected Treasurer acting in behalf of the Board and the Association.
- B. The Treasurer and paid staff shall be covered in the performance of his or her duties by a surety bond in an amount to be determined by the Board of Directors. The premium for such bond shall be paid by the Association.
- C. Unless otherwise directed by the Board of Directors, the treasurer shall:
  - a) Have general charge and supervision of the financial books and records of the Association;
  - b) Shall maintain a record of the indebtedness of the Association and to the Association;
  - c) Shall maintain a record of the payments made and the current condition of all accounts;
  - d) Make a full report of all matters and business pertaining to his or her office to the Members at the annual meeting, or at such other time or times as the Board of Directors may require;
  - e) Collect all assessments and monies due the Association and deposit same in the depository designated by the Board of Directors; and,
  - f) Shall disburse funds or assure that disbursement is conducted under direct guidance and oversight, keep the Association current of all compliance reports and accounts payable, and shall make a report on the business transacted by him or her on a monthly basis or as requested.
- D. Upon the election of his or her successor, the Treasurer shall turn over to him or her all books and other property belonging to the Association that he or she may have in his or her possession.

#### **Section 6. Duties of Members at Large**

The Member at Large shall perform duties in behalf of the Association as assigned by the Board members at a meeting of the board.

## **ARTICLE VIII**

### **Water Service, Rates, Assessments, and Reserve Funds**

#### **Section 1. Water Service**

- A. All Membership Certificates shall pay a minimum monthly service fee or base rate to pay for fixed expenditures regardless of whether or not they use the water.
- B. In compliance with Federal and/or State laws, all service connections shall be metered and a certified operator shall make all connections.
- C. A representative of the Association will have the right at all reasonable hours and after prior notification to enter upon Member's premises for the purpose of inspection and enforcement of state and federal laws including inspection related to cross connection, leak detection, line integrity.

#### **Section 2. Establishing Rates and Budget**

- A. The Board of Directors shall establish a rate schedule.
- B. The established rate schedule shall apply to each Membership Certificate.
- C. The Board of Directors shall review the established rate schedule of charges at least annually to assure that sufficient income shall be generated for the upcoming year to cover anticipated expenses. This determination shall be based on the previous year's actual expenses and the estimated budget for the coming year.
- D. The Board of Directors may call a public hearing of the membership to get input about the annual budget and rates.

#### **Section 3. Assessments**

If at any time prior to the end of the fiscal year, it appears to the Board of Directors that the amount derived, or which shall be derived, is insufficient to pay, when due, all costs of operating the water system, the Board shall levy an assessment against each member to cover such costs.

#### **Section 4. Establishing Reserve Funds**

- A. The Board shall establish rates at a level which provides for a percentage of annual operating revenues to be placed in a fund (s) to be used for the purpose of reserve funds for contingency, emergency and sustainability of Association assets.
- B. If necessary, the Board of Directors shall follow federal and/or state guidelines to determine the total amount of such reserve funds and at which amount it shall be maintained.

## **ARTICLE IX**

### **Other General Association Matters**

#### **Section 1. Other Employees or Agents**

- A. The Board of Directors may hire a manager, certified operator, meter reader, bookkeeper, and other agents/contractors or employees, which may be necessary to superintend the water system of the Association and its construction, maintenance and repair.
- B. Such agents/contractors or employees may be authorized by the Board of Directors under its direction and pursuant to its rules and regulations to provide for the delivery of water service to the Members of the Association.
- C. Such agents or employees shall be paid a compensation for the performance of their duties in an amount determined by the Board of Directors and paid by the users of the Association.
- D. Employees and agents may be removed from office or employment at any time by action of the Board of Directors.

## **Section 2. Paid Training by the Association**

- A. If the Association agrees to pay for training for a Member of the Board and/or the community such training must be necessary for the operation of the water Association.
- B. The person receiving the benefit must agree to perform the duties for which they were trained for during a period specified in a written agreement between the Association and the person receiving the training.
- C. If they resign or are relieved for cause, that person must reimburse the Association for all training related costs.

## **Section 3. Performance Bond**

- A. Officers and or contractors and employees of the Association who the authority to sign financial documents and funds of the Association shall be covered in the performance of their duties by a surety/fidelity bond, in an amount to be determined by the Board of Directors.
- B. The Association shall pay the premium(s) for these bonds.

## **Section 4. Property of the Association**

Any property and/or records that belong to the Association, which is in possession of Board Members, employees or agents of the Association, must be returned within thirty (30) days to the Association upon resignation, termination, dismissal or end of term.

## **Section 5. Water in exchange for Service**

- A. No Services, contract or through employment, for the Association may be compensated by reduced water rates, free water, free or reduced hook ups, etc.
- B. Compensation must be in U.S. currency and recorded in the books of the Association.

## **Section 6. Transfer of Meter**

- A. All meters are the property of the Association and are permanently fixed at their respective service locations. Therefore, no meter is transferable from the property that it is intended to serve to any other location or property.
- B. In the event that a dwelling or place of service is permanently discontinued or eliminated by the owner of record and Membership relinquished, the Association may, in its sole discretion, elect to either remove the meter or retain the meter at its location to provide service for possible future users.
- C. In the event of the sale, transfer, assignment, lease or conveyance of the subject property by the owner of record, all of the rights to service from the meter that serves the subject property shall automatically be included in the sale, transfer, assignment, lease or conveyance of that property. This also applies to all duly authorized service connections that have inoperable meters or where no meters exist.

## **Section 7. Public Records**

The records of the Association shall be made available upon receipt of a written request from any Member in compliance with the Inspection of Public Records Act and other applicable State Laws.

# **ARTICLE X**

## **Amendments to the Bylaws**

- A. These bylaws may be repealed or amended by a vote of the majority Members present at any annual

meeting of the Association, or at any special meeting of the Association called for that purpose, provided that at the meeting a quorum of the Membership as stated in these Bylaws is present.

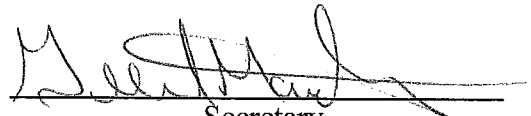
- B. The Members shall not have the power to change the purposes of the Association so as to decrease its rights and powers under the laws of the state, or to waive any requirement of any provision for the safety and security of the property and funds of the Association or its Members, or so to amend the bylaws as to effect a fundamental change in the policies of the corporation or any indebtedness with or guaranteed by the USDA/Rural Development.

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We the undersigned below President and Secretary of the Lower Arroyo Hondo MDWCA, an Association existing under the laws of the State of New Mexico, hereby certify that the above is a true and correct copy of the bylaws, together with all amendments thereto, were duly adopted by the members on October 19, 2008.

  
\_\_\_\_\_  
President

(Seal)

  
\_\_\_\_\_  
Secretary





# RULES AND REGULATIONS OF

## Lower Arroyo Hondo MDWCA

These rules and regulations are issued in compliance with the bylaws of the association, and **are designed to govern the supplying and taking of services rendered by the association.** They are subject to change from time to time by a majority vote of the board of directors.

If a provision of the rules and regulations should conflict with a provision of the bylaws, the bylaw provision will prevail.

### PROCEDURE FOR ESTABLISHING RULES & REGULATIONS

1. Proposals for establishing policies may be presented to the board of directors by either the employees or any director of the association.
2. Members of the association may also petition the board for implementation or amendment of the rules.
3. Each proposed policy will be evaluated by the board.
4. The final policy must be approved by majority vote of the board in order for it to become official.
5. The passage of a rule will be documented in the minutes of the board meeting at which the policy was approved.
6. Additional rules will be numbered according to the year passed and the sequence numbers as seeing in these Rules.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

DEFINITIONS

**Membership Certificate.** A document issued to approved members. Membership certificates can only be transferred to another property owner upon sale or conveyance of said property. Membership fees are non-refundable.

**Member.** One who holds a membership certificate that accompanies a physical property in the community and that has been approved by the board of directors.

**Membership Status.** A property owner (s) may own more than one membership certificate. However, they are entitled to one vote only.

**Membership in Good Standing.** One who is *not* past due or delinquent to the Association. An explanation of past due and delinquent is provided in these Rules.

**Residential Unit/dwelling.** It includes a garage, shed, barn, guest house, shop/studio, but not a set rental units. Any guest house/apartment/ or investment dwelling within the same property that is occupied by another family either, renters, friends or relatives will be considered a separate Unit/dwelling and must acquire its own membership. The Association may charge commercial rates to rental units in the same property which do not have its own membership.

**Commercial Unit:** a non residential establishment used for business or commercial purpose.

**Institutions:** churches, the community center, and other non profit organizations.

**Type of Membership:**

- **Active Users:** members who are using the service every day or most of the year.
- **Active Non-Users:** members who have a connection but are not using the service, for example a vacant home or an outside connection.
- **Active Seasonal:** members who have a connection and use the service seasonally, for example during the summer, holidays, some weekends.

- **Inactive Users:** members who have a certificate and have the option to connect to the association but have chosen not to do so. There is a membership on paper but no connection.

**Membership Fee:** A *non refundable* fee assessed to each certificate of membership to cover administrative expenses and meter maintenance. It is NOT the same as a hook up fee or any other fee.

**Hook up Fee:** The actual cost that must be paid *to the association* for the connection of water services from the association lines to the public right of way or association easement. By federal and state law, the connection must be completed with a certified operator present. The fee paid to the Association includes the meter. Other connection costs such as the metering facilities, the connection, labor, and materials will be paid by the member to contractors either hired by the member or the Association.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association  
MEMBERSHIP PURCHASE, APPROVAL, TRANSFER

**1.A. Application for Membership.** As stated in the bylaws water service will be available subject to the availability of water. Any person in the community who owns a house or who owns property or is inherited property in the community to build a house within the community water system, even if said person does not reside in the community at present but intends to reside within one year from the purchase date of the membership may apply to purchase a membership from this Association following the process below.

**1. B. Application Process:** To obtain water services, the applicant must purchase a membership certificate into the association following these steps.

**I. Bring the following to the secretary of the board or to the regular board meeting:**

1. A completed and signed Water Users Agreement/Certificate of Membership
2. Payment by check or Money Order of a non-refundable membership fee and a plan as to how you will pay for hook up fees and other fees as stated in the Water Users Agreement.
3. Proof of property ownership as stated in the Water Users Agreement
4. Approximate physical location to install the metering facility. Please draw a map of your property showing approximately location to install the meter. If you have a survey of the property, you can use that to show where you want the meter to be located.

**II. Approval of the Application.** Upon submitting of the requirements stated above the board will promptly review and make its decision. Incomplete applications may be grounds for denial of service. If membership application is disapproved, the membership fee will be returned.

**III. Notification of Approval.** Once the application has been approved, the member will be notified by the association along with any amount due, which must be paid in full before connecting to the system.

**IV. Services Ready to be Connected.** At the time the member is ready to be connected to the system and has completed all requirements as stated above, a

metering facility will be placed by the Association's certified operator at the main water line easement and all connection costs will be paid by the member. **Violation** of this policy will result in cancellation of membership and payment of any federal and/or state fines in case the water system gets contaminated.

**V. Issuance of a Certificate of Membership.** After all necessary fees have been paid in full a Membership Certificate and/or a copy of the signed Water Users Agreement will be issued and mailed or given to the new member.

**1.C. Water Services for Rental Property.** The property owner will be the member and responsible for all bills incurred to the association.

**1. D. Disconnection of Illegal/Unauthorized Connections.** Pursuant to the SPA, NMSA 1978, 3-29-6.D, the association will disconnect, after notice:

- a. unauthorized service connections (those who notify the association but proceed to connect before the application approval process has been completed);
- b. illegal service connections (those who connect without notifying the association);
- c. service connections for which charges are delinquent in payment.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association  
PROVIDING WATER SERVICES

2. A. Water Services Ready to Use: Minimum Charge. Water Services will be considered ready to use when the application process has been completed, the application has been approved, regardless of whether or not the member makes use of it, and charges will be made for services as of this date. Minimum charges will apply to **all membership certificates** and must cover at least the association's fixed expenses.

2. B. Service Deactivation and Reactivation. Members who temporarily will be **out** of their residence may choose to have the water services disconnected by the association during their absence. The service activation and deactivation will be completed by the Association's Certified Operator or by its agent as required by law and the member will pay actual costs incurred for these services. The request for this service must be made at a regularly scheduled meeting of the board or in writing and sent by certified mail and/or with proof of receipt.

2. C. Multiple Services Connections are illegal. As stated above each residential unit/dwelling must have its own membership certificate, thus meter facilities. Multiple residence connections into **one** residential meter are prohibited by funding agencies and are unfair to the members of the association. Water service is for the sole use of the member, his agent(s) or tenant(s) **at the location requested**, and does not permit the transfer or cross-connection of water by any means to another dwelling or place of business. Members who allowed multiple residence connections may be disconnected from the system.

2. D. Connection to Private System/Well. There will be no physical connection between any private water system/well and the water system of the association. Violation of this provision is cause for disconnection of a member's Water Services. If a back flow prevention valve is required to be installed, the member will pay for all expenses incurred.

2. E. Continuity of Service. The association will make all reasonable efforts to supply continuous, uninterrupted service. However, it will have the right to interrupt service for the purpose of making repairs, connections, line extensions, or for other necessary work. Efforts will be made to notify members who may be affected by such interruptions, but the association will not accept responsibility for losses, which might occur due to such necessary interruptions of service or shortage of water supply.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association  
THE METER/METERING FACILITIES

3. A. Metering of Water Service. Water service will be metered to each individual dwelling or place of business with an approved membership certificate.

- Several residences/dwellings **will not** be connected to one meter.
- Metering facilities **are owned by the association** and must be installed by the association.
- The member is responsible for any activity from the meter to the home.

3. B. Tampering with Metering Facilities: Metering facilities will be installed and maintained by the association and will be paid for by the member. These will consist of a service clamp, corporation stop, service line, meter yoke, meter box, *back flow device* and meter. **Tampering with meter facilities is a violation of this association property thus against Federal Law. Anyone in violation will be penalized by the board or prosecuted in court. All community drinking water system facilities and operations are regulated by Federal and State laws.**

3. C. Location of Metering Facilities: Metering facilities will be located at the main line or at member's property line. In special cases where this is not practical, the location will be agreed upon jointly by the board of directors and the member. The member is responsible for any activity from the meter to the home.

3. D. Easement for the Metering Facilities. Should the location be within the member's property, he or she will grant the association an easement of right-of-way and the right of ingress and egress to said property for the purposes of servicing or removing the metering facilities. **Membership certificate will be cancelled for members who refuse to provide the required easement.**

3. E. Transfer of Meter. All the meters are the property of the Association and are permanently fixed at their respective service locations. Therefore, no meter is transferable from the property that it is intended to serve to any other location. Thus, in the event of the sale, transfer, assignment, lease or conveyance of the subject property by the owner of record, all of the rights to service from the meter that serves the subject property shall automatically be included in the sale, transfer, assignment, lease or conveyance of that property. This also applies to all duly authorized service connections that have inoperable meters or where no meters exist. In the event that a dwelling or place of service is permanently discontinued or eliminated by the owner of record, the Association

may, in its sole discretion, elect to either remove the meter or leave the meter to provide service for possible future users.

3. F. Meter Accuracy & Testing: Service meters, where errors do not exceed two (2%) percent fast or slow, will be considered as within the allowable limits of accuracy for billing purposes. Meter testing requested by members will be performed without cost to the member, if the meter is found to be off in excess of two (2%) percent. Otherwise, the member for whom the required testing was made will be charged for the cost of making the test.

3. H. Meter Reading: Meters will be read by the association per schedule set by the board. The meters may not be read in winter months November through February. Members will pay an average flat fee based on previous months readings. The board will keep a record of water used during the winter months. If usage is higher or lower than was charged then an adjustment will be made.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

SEWER SYSTEM

4. Sewer System. At this time the Association does not own and/or manage sewage facilities.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

BILLING AND PAYMENT FOR WATER SERVICES

5. A. Billing of Water Services. The association will bill the membership on or about the first week of each month for water services from actual meter readings and/or at the rates set forth on the approved water rate schedule.

In order to reduce cost to the members, during the time when the rates are a flat fee, meaning that we are not reading meters or charging for actual water used, the Association will not mail a bill.

5. B. Payment of Water Services: Bills for Water Services are due on the 30th of the month and become past due on the following month/billing period.

**Payment must be by check or money order only.**

5. C. Past due Accounts: Past due payments are subject to a ten dollar (\$10.00) fee. This fee will be applied to all accounts that have not been paid by the time the bill was due and will accumulate month to month.

5. D. Delinquent Accounts, Notification & Disconnection of Services:

- I. Members who fail to pay for water services and applicable late fees within two months/billing cycles will be considered **delinquent** and will be subject to disconnection procedures. The past due fee will continue to accumulate until account is brought current.
- II. All delinquent members or members in violation will be notified by mail or by certified mail at the discretion of the billing contractor on or about the first of the month after payment has not been received. The notification will include the amount due, date to comply, and a statement saying, **"If no payment is received by the date to comply water service will be disconnected."**
- III. The date to comply shall be the 20<sup>th</sup> day from the date the notice is sent to the member.
- IV. Failure to comply or pay as specified in the notice will result in water services being disconnected and/or meter pulled by the time the next billing is processed. By this time the member may be delinquent with his/her bill at least four months. No

further notice will be sent to the delinquent member. To reinstate services the reconnection fee must be paid in full. See below.

V. Delinquent amount cannot be paid to the person(s) making the disconnection.

5. F. Negotiating Monthly Payment Schedule (For members only).

- I. To avoid disconnection of services, the Association and the Member may negotiate, through a written Payment Agreement, a monthly payment schedule for the delinquent amount.
  - a. The member needs to keep current on their monthly fee and pay the additional amount as agreed on the "Payment Agreement"
  - b. From the time, the member signs the agreement, the association will not charge the late fee for the unpaid amount as long as the member keeps the agreement.
  - c. If the member becomes past due and delinquent there is a breach of contract and the association will disconnect services. No further notice of disconnect will be given to the delinquent member.
- II. If services are disconnected, the Association and the Member may still negotiate in writing a monthly payment schedule for the delinquent amount. Services will be reinstated provided the member pays the reconnection fee and agrees to pay the amount due to the association per written agreement.

5. G. Reconnection of Water Services: Any water service which has been disconnected due to a delinquent account or for other reasons, will not be reconnected until the account has been paid current or a written Payment Agreement has been signed **and** the reconnection fee is paid in full. **The member shall pay the above charges with a certified bank check or money order.**

5. H. Cancellation of Membership.

- I. If a member is delinquent for **six (6) months** after non-payment, the membership in the Association will be considered in default and shall be canceled, the meter should one exists will be removed and/or the line will be capped.
- II. All delinquent members having their membership cancelled will be notified by mail, certified mail and other means at the discretion of the billing clerk or the board of directors. As much as possible to avoid higher cost, the board will use regular mail.
- III. The notification will include the amount due and will provide a date to comply. The date to comply shall not be less than twenty (20) days from the date the notice

is sent to the member.

- IV. Failure to comply will result in loss of membership. After that date a request for reconnection will be subject to membership eligibility as defined in the Bylaws and Rules and Regulations of the Association. **Memberships may not be available.**
- V. In the event that the membership is canceled by the Association, a copy of the board minutes and of the notice of cancellation sent to the member must be kept in the association files.
- VI. After being disconnected and/or having the membership cancelled, a member may decide not to reconnect to the Association. The member must send a note in writing canceling the membership and must pay the amount due to the association. The Association will close the account. If no payment is received, the Association will collect any amount due to the Association by placing a lien on the property..

5.I. Collections: The association has the responsibility and the authority within state law to take all action necessary to collect the arrears through a collections agency or a lien on the property. Should this occur, the member will be responsible for all collection, legal and court costs, attorney fees and any fees not mentioned that are required to collect the money owed.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association  
SERVICE CONNECTIONS BEYOND THE SYSTEM SERVICE AREA

6. A. Extension of Water Mains Lateral Lines:

- Authorized mains and lateral lines to an individual applicant laid beyond the association's existing water system will **be installed to the association's specifications and paid for by the individual applying for membership.**
- The member(s) must provide easements to the system, should easements be necessary.
- Lateral lines may become the property of the Association and are to be maintained by the Association.
- In cases where a group of individuals or a business is applying for membership. The Board will consider such extension provided that the cost and water demand caused by such extension does not cause hardship on the current membership.
- The board of directors may enter into special service contracts to extend the lines in cases where the applicant has unusual service requirements. However, in no case will the association enter into such a contract before obtaining approval from the general membership.
- A lateral line is a transmission distribution line. It is not the line that the goes from the meter to the home or business- this is a service line.

6. B. Cost Sharing of New Hook-Ups to Existing Lines: In a situation where a "new" hook-up is requested to an existing line – where a member invested in the cost of installing the line – the new hook-up must reimburse the member for a proportional amount of the cost to run the water line. Additionally, the new hookup is subject to approval by the Association after verification of no adverse impact of the new hookup on existing connection (s).

Members cannot be required to pay in excess of 50% of the cost incurred to run the existing line, nor can this member be denied service because of such a claim by the existing member. The following provisions must be met in all such situations:

1. The Member that installed the initial line must document the initial cost.
2. The requesting Member, shall pay for the proportional cost, based on a formula which is based on linear feet of property owned, multiplied by the initial cost of the line installed. (linear feet of property of the member requesting X the cost per linear foot for initial installation = cost).
3. The term of limitation of this requirement for reimbursement is a total of six (6) years from the date of installation.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

FEES & RATE STRUCTURE for WATER SERVICES

**Residential:**

Membership fees:       \$ 500.00  
Hookup/connection:   \$ 100.00 does not include materials

**Non Residential:**

Membership Fee:  
Residential Meter:       \$ 500.00  
Other Size of Meter:   To be determined by Board based on meter size.  
Hookup/connection:   \$ 100.00 does not include materials

**Other Fees:**

Disconnect and Reconnection fee:       \$ 25.00 plus related expenses  
Bounced Check fee:                       \$ 25.00 plus actual bank charge  
Voluntary Service Deactivation and Activation fee:   \$ 25.00 plus related expenses  
Membership Ownership transfer fee:       \$ 100.00

**RATE STRUCTURE**

The rate structure currently in effect is:

Members Active:   \$ 7.97  
Rental:             \$13.28  
Inactive:           \$3.00  
Commercial:       \$26.56  
Institutions: churches, the community center       \$15.00

The proposed rate structure beginning January 1, 2009 is:

Members Active:   \$ 20.00  
Rental:             \$20.00  
Inactive            \$4.00  
Commercial:       \$ 35.00  
Institutions: churches, the community center       \$15.00

The proposed rate includes gross receipt taxes and water conservation and it cover the Association expenses for the FY09 budget.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

MEMBER SERVICE/MEMBER SERVICE

8. A. Addressing & Recording Member Complaints. All member comments, complaints or suggestions must be addressed to the board. The member should file a complaint about a water bill within thirty (30) days of the date of the bill.

When the association receives member complaints about a balance on an account or a discrepancy, the association treasurer and/or bookkeeper will first research the account to determine the nature of the discrepancy and resolve it or bring it to the board for resolution.

8. B. Adjustments Due to Leaks on Member (s) Property:

The Board may consider adjustment of the water bill when a member experiences an unusually high water bill due to a break in their service line or a leak in their house/business. Only if the damage or leak is repaired as soon as possible and under the following conditions:

1. The member reports the damage or leak to the Association as soon as detected and the water service is terminated by the association until the damage/leak is repaired.
2. The board detects the leak notifies the member and the member takes all steps to repair the leak. The water service is terminated by the association until the damage/leak is repaired.
3. The member submits receipts and/or invoices documenting the repairs made.

The following schedule will be utilized for valid adjustments as considered and/or approved by the Board:

- 1<sup>st</sup> Time Adjustment: Adjust to prior year usage or prior month if not data for the previous year is available.
- 2<sup>nd</sup> Time Adjustment: 75% reduction of total bill at the time of damage/leak.
- 3<sup>rd</sup> Time Adjustment or Further Adjustment: 50% reduction of total bill at the time of damage/leak.

8. C. Member Overpayment. Overpayments should be applied toward future billings.

Overpayments on an account may be credited to the member account on a case by case basis. In cases where the account is being closed and the membership canceled, the overpayment may be refunded to the member.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

FISCAL MATTERS

Bank Accounts and Signatures. The Board shall have bank accounts established in the name of the Association. The Board shall determine which of the officers will be authorized to sign checks and to conduct financial transaction on behalf of the Association.

Audits. This Association shall be subject to audits as mandated under the Audit Act, 12-6-1 NMSA, 1978 et seq. and OMB Circular 133 when required.

Budgets: The Association shall prepare an annual operating budget at the beginning of each fiscal year. The budget should be realistic and consider historical data as well as inflationary factors.

Purchasing: In order to ensure compliance with all Federal and State laws and the New Mexico Procurement Code, all purchases of supplies, materials, equipment and contractual services for the Association shall be made in accordance with these procedures. Any purchases in the amount of \$500.00 or more must be pre approved by the board.

Reserve Funds: The Lower Arroyo Hondo MDWCA will maintain reserve funds as mandated by funders or state and federal laws or guidelines. The board shall maintain reserve funds for emergencies at the cost of at least the replacement of the well pump and to fix a major leak that can potentially leave the community without water.

RULES AND REGULATIONS  
OF  
Lower Arroyo Hondo Mutual Domestic Water Consumers Association

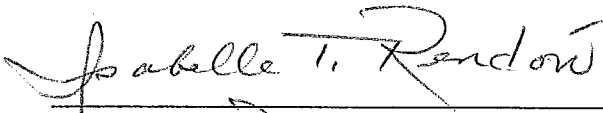
COMPLIANCE WITH THESE RULES AND REGULATIONS

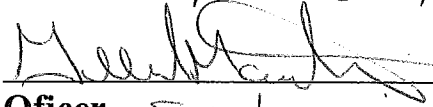
Each employee, agent, contractor of this association is expected to fully enforce these Rules and Regulations without further approval of the board.

Board authority to approve and enforce these Rules and Regulations comes from the provisions of the State of New Mexico Sanitary Projects Act [3-29-1 to 3-29-19 NMSA 1978].

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These Rules and Regulations we adapted by resolution of the board and are effective as of April 1, 2009.

  
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**Officer** President

  
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**Officer** Secretary

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After theses rules have been adapted, provide a copy to each member of the Association.