

BRAZOS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION,
INCORPORATED

Bylaws

Revised 5/25/08

ARTICLE I

Definition

The word Association, as capitalized and used herein, shall mean the Brazos Mutual Domestic Water Consumers Association, Incorporated.

ARTICLE II

Seal

The fiscal year of the Association shall end on the thirty-first day of March of each year (IRS Regulations Section 1.441-1 (b) (3)).

ARTICLE III

Membership

Section 1. Qualification for Membership. The basic qualification for membership in the Association shall be ownership of a lot or lots and/or a tract or tracts within the following described lands situated in Rio Arriba County, New Mexico:

All of those lots, tracts or lands that are shown on that certain plat designated "Brazos Lodge Water Co-op Assn" on file in the Rio Arriba County courthouse and such other lands as this Association has, prior to the date hereof, agreed to service or on account of which memberships herein have been issued, and being within the established boundaries of the Association or within an area reasonably accessible to the system and who are in need of water for domestic purposes and/or collection and disposal of sewage, and who are eligible for membership as provided by the Articles of Incorporation, may be admitted to membership upon application, proof of property ownership, and the payment of a non refundable membership fee in the amount specified in the Rules and Regulations of this Association. Provided, however, that membership may be denied if the capacity of the Association's system is exhausted by the need of its existing members, and if it is financially impossible for the Association to acquire additional facilities to accommodate new members.

Section 2. Admission to Membership. Any natural person, association, trust, incorporated or unincorporated group organized on a cooperative basis or any non-profit organization meeting the basic qualification for membership shall be deemed a member of the Association upon:

- a. Submission of application for membership in the format and with the documentation required by the Rules and Regulations of the Association and with payment in full (Section 3-29-11 N.M.S.A. 1978) of the fees specified therein;
- b. approval by the Board of Directors; and
- c. issuance of a membership certificate in the name of the applicant that shall run with the land and shall not be severed from ownership of the land to which it is appurtenant without approval from the Board.

Section 3. Non-discriminatory Clause. Membership in the Association shall not be denied to any applicant because of race, color, creed, sex or national origin.

Section 4. Equal Rights of Members. The rights and privileges of members shall be equal. Each member's right to the delivery of water shall be equal and the amount thereof shall be proportionate to and based upon the total number of service connections within the distribution system of the Association.

Section 5. Equal Obligations of Members. Because of the limited capacity of the water system of the Association, each member shall have an equal obligation to all other members to limit water usage to essential needs, to practice water conservation and to refrain from wasteful practices in the use of water.

ARTICLE IV

Meetings of the Members of the Association

Section 1. Voting Entitlement. Each individual member of the Association, regardless of the number of membership certificates such member may possess for different properties, shall have one and only one vote. Where a membership certificate indicates joint ownership of property, the joint owners shall collectively have one and only one vote. Groups, trusts, associations and organizations that are members of the Association shall have one and only one vote that may be exercised by a delegate designated in writing to the Secretary to represent and to vote for such group, organization or association at any meeting of the members. Voting shall be by ballot or by voice but not by both as determined by the Board.

Section 2. Proxy Voting. No member shall be permitted to vote by proxy.

Section 3. Relegation of Voting Rights. No Association member shall be permitted to relegate his/her voting right to other individuals, groups, trusts, associations or organizations who are not listed as owners or co-owners on the certificate of membership.

Section 4. Voting by Mail. The notification for annual and special meetings of the members shall contain a ballot, an envelope stamped "For Ballot Only" and a numbered return envelope.

Both the ballot and the return envelope shall be impressed with the seal of the Association. No record shall be kept of member names associated with numbered envelopes. A member may register his secret vote on all matters on the agenda for the meeting by completing the ballot, sealing it in the "For Ballot Only" envelope and mailing it in the return envelope to the Secretary to arrive prior to the time of the scheduled meeting. All ballots so received shall be opened and counted at the meeting. Ballots received subsequent to the meeting shall have no validity.

Section 5. Determination of Quorum. Six (6) percent of the members of the Association as shown on the Voting Eligibility List shall constitute a quorum at any meeting of the members. A member utilizing a mail ballot to cast his/her vote and not physically present at such meeting shall not be counted in establishing a quorum.

Section 6. Determination of a Majority. A majority of the members present at any meeting of the members shall constitute a valid decision-making authority for the transaction of Association business, except for action to remove a director from office under Article VI, Section 10 hereto, which requires a two-thirds (2/3) vote.

ARTICLE V

Procedures for Meetings of the Members

Section 1. Rules of Order. All meetings of the members shall be conducted in accordance with the parliamentary procedures outlined in Robert's Rules of Order.

Section 2. Annual Meeting. The annual meeting of the members of the Association shall be held at any location and time as the Board chooses, to be announced in the notification of the meeting.

Section 3. Notification of the Annual Meeting. Notice of the annual meeting of the members shall be mailed by the Secretary to each member of record at the member's address shown in the Membership Book of the Association not more than forty (40) days or less than ten (10) days prior to the date of the meeting. Such notice shall specify the location of the meeting and the new business to be discussed, and shall contain the slate of qualified candidates nominated for election to the Board of Directors together with a ballot, validated as described in Article IV, Section 4.

Section 4. Order of Business at an Annual Meeting. The order of business at an annual meeting of the members shall be:

- a. Call to order
- b. Proof of quorum
- c. Proof of notice of meeting
- d. Reading and approval of minutes
- e. Financial report
- f. Reports of officers and/or committees
- g. Old business

- h. New business
- i. Election of directors
- j. Adjournment

Section 5. Special Meeting. A special ad hoc meeting of the members may be called at any time: (a) by the President on his own initiative, (b) by the President upon written petition to him/her signed by ten (10) percent of the members or (c) upon resolution of the Board of Directors.

Section 6. Notification of a Special Meeting. Notice of the time and place of a special ad hoc meeting of the members shall be mailed by the Secretary to each member of record at the member's address shown in the Membership Book of the Association not more than thirty (30) days nor less than ten (10) days prior to the date of the meeting. Such notice shall identify the authority for convening the meeting and shall specify the subject matter proposed for consideration at the meeting. No business other than that specified in the notice shall be entertained or discussed at a special meeting.

Section 7. Order of Business at a Special Meeting. The order of business at a special meeting of the members shall be:

- a. Call to order
- b. Proof of quorum
- c. Proof of notice of meeting
- d. Specified business
- e. Adjournment

ARTICLE VI

Board of Directors

Section 1. Functions of the Board of Directors. A Board of nine (9) directors shall manage the business and affairs of this Association. The functions of such Board include:

- a. The selection of and delegation of authority to officers necessary for the management of the Association's business;
- b. the determination of policies for guidance of the management of the Association;
- c. the control of expenditures by authorizing budgets;
- d. the keeping of members fully informed of business of the Association;
- e. the causing of audits to be made from time to time as is necessary or required by the USDA/Rural Utilities Services and/or the Laws of the State of New Mexico;
- f. the studying of the requirements of members and promoting good membership regulations;
- g. the prescribing of the form of Membership Certificates;
- h. the establishing of water and/or sewer charges 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;

- i. the determination that the Association is operating within the applicable Federal and State of New Mexico Corporate Laws and Regulations.

Section 2. Election and Term of the Board of Directors. The Association shall be managed by a Board of Directors elected by the members of the Association, which shall consist of nine (9) members, divided into three equal classes, of whom one class shall be elected each year at the annual meeting of the members for a term of three (3) years. Directors shall hold office until their successors are elected, each of who shall hold office in accordance with Article VI, Section 3 until the election.

Section 3. Election and/or Meeting of the Officers. The Board of Directors shall meet as soon as possible after the holding of the election and in any event within thirty (30) days of that time. They shall review their duties as officers and shall elect a President, Vice President, Secretary and Treasurer or Secretary-Treasurer from among themselves, each of who shall hold office until the next annual membership meeting and until the election and qualification of his/her successor unless sooner removed by death, resignation or for cause. The President or in his absence the Vice President, shall preside at all meetings of the members and of the Directors of the Association. In the absence of both the President and the Vice President, the Directors shall elect one of their numbers to act as president pro tempore. (Section 3-29-12 N.M.S.A. 1978)

Section 4. Qualification for Directorship. The basic qualification for nomination for election as a director of the Association shall be membership in good standing in the Association. A director who ceases to be a member of the Association for any reason shall become disqualified from holding office and shall cease to be a director.

Section 5. Vacancies on the Board of Directors. If the office of a director becomes vacant for any reason, except removal from office or expiration of term, a majority of the directors shall choose from among the members of the Association a successor who shall hold office until the next annual meeting at which time the members shall elect a director to fill the unexpired term of the former director.

Section 6. Compensation of Directors. The members of the Board of Directors shall receive no compensation for services as directors. With proper documentation/receipts, directors may be reimbursed for per diem/mileage expenses at the State's current rate.

Section 7. Meeting of the Board of Directors. In addition to the annual and any special or emergency meeting, the Board shall hold meetings at such regular intervals as stated in the Association's Bylaws under Article VIII.

Section 8. Powers of the Board. The Board of Directors shall have the general power to act for the Association in any manner not prohibited by Statute or the Articles of Incorporation. If the Association shall at any time borrow or receive by way of grant any property of the United States through any of its agencies, the Board of Directors shall pursue such management methods including accountings and audits as such agency may prescribe.

Section 9. Nominations. At least one candidate for each vacancy on the Board of Directors shall be nominated by the Board at a regularly scheduled meeting or by a nominating petition signed by at least ten (10) members of the Association. The Board of Directors must receive nominating petitions at least sixty (60) days before the annual meeting.

Section 10. Removal of a Director from Office. Any director or officer of the Association may be removed from office with cause 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 in person or by counsel and shall have the opportunity to present witnesses in his/her behalf. Vacancies caused by such removal from office shall be filled at the annual or special meeting at which the case is heard, and the newly elected director shall serve out the term of the director he/she replaces. The Board of Directors either by action of the Board or upon receipt by the Board of a petition signed by at least twenty (20) members of the Association shall initiate the removal process. Employees or agents, other than directors and officers, may be removed from office or employment at any time by action of the Board of Directors.

ARTICLE VII

Duties of Officers

Section 1. Duties of the President. 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. He/She shall sign all membership certificates, notes, bonds, mortgages, contracts and other instruments on behalf of the Association. He/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/her by the Board of Directors.

Section 2. Duties of the Vice President. The Vice President in the absence, resignation or disability of the President, shall perform the duties of the President. 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.

Section 3. Duties of the Secretary. The Secretary shall be the custodian of the corporate seal and of all non-fiscal records and files of the Association. He/she or designee shall attend meetings of the members and of the directors and shall keep minutes therefrom. He/she shall maintain the Membership Book in current status and shall compile the Voter Eligibility List for meetings of the members to establish voting eligibility thereat. He/she shall 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. He/she shall prepare, coordinate and process all incoming and outgoing correspondence, and shall maintain a suspense file showing dates for the submission of reports required by Federal and State governments. He/she shall coordinate with the Treasurer and collect all monies and assessments due the Association and

expeditiously deposit all incoming monies and funds in such bank or banks as may be designated by the Board of Directors.

Section 4. Duties of the Treasurer. The Treasurer shall have the custody and control of all monies and funds of the Association. He/She shall maintain a deposit file. He/she shall reconcile all bank statements on a monthly basis. He/she shall coordinate with the Association's bookkeeper the financial records of the Association employing double-entry bookkeeping procedures in accordance with standard bookkeeping and accounting practices and as required by State and Federal regulatory agencies. All checks drawn on banks utilized by the Association shall bear the signature of the Treasurer with President or Vice President approval. He/she shall report the financial status of the Association at regular monthly meetings of the Board of Directors and at the annual meeting of the members. He/she shall disburse funds and keep the Association current of all compliance reports and accounts payable and shall make a report on the business transacted by him/her on a basis or as requested. Upon the election of his/her successor, the Treasurer shall turn over to him/her books and other property belonging to the Association that he/she may have in his/her possession.

Section 5. Secretary-Treasurer. In the event the Board of Directors exercises its option to combine the offices of Secretary and Treasurer, the Secretary-Treasurer shall have all the duties outlined in Sections 3 and 4 of this Article.

Section 6. Other Employees or Agents. The Board of Directors shall appoint, in addition to the officers named above, a foreman or other agents or employees which may be necessary to superintend the water and/or sewer system of the Association and its construction, maintenance and repair. Such agents 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 and/or sewer service to the members of the Association. 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.

ARTICLE VIII

Meetings of the Board of Directors

Section 1. Meetings. The Board of Directors shall meet at a time and place of its own choosing. Special and emergency meetings may be held at any time and place upon call of the President or in his absence by the Vice President or by any two (2) directors. All meetings of the Board shall be conducted in accordance with the parliamentary procedures outlined in Robert's Rules of Order. Members of the Association are encouraged to attend and participate in the meetings.

Section 2. Quorum and Majority. The presence of four (4) Board members shall constitute a quorum for the conduct of business. In the presence of a quorum, a majority of the directors present shall be decisive. In the absence of a quorum, the directors present may adjourn the meeting, but shall transact no other business.

Section 3. All meetings of the Association shall be held in accordance with the New Mexico Open Meetings Act. Members of the Association are encouraged to attend and participate in the meetings.

Section 4. Meeting Notice. Public announcement of all meetings shall be posted at a physical location in the Brazos area served by the Association, e.g., the bulletin board across from the Cliff View Restaurant, and on the Association's website. Notices shall include an agenda for the meeting or information on how the members or the public may obtain a copy of the agenda. Notice of regular meetings shall be given not less than ten (10) days in advance of the regular meeting date. Notice of special meetings shall be given not less than three (3) days in advance of the meeting date. The agenda for all regular and special meetings shall be available to the public at least twenty-four (24) hours before the meeting.

Section 5. Emergency Meetings. An emergency meeting may be called with less than twenty-four (24) hours notice if the issues involved, e.g., a catastrophic failure of the water system of the Association or any calamitous Act of God affecting or threatening said water system, could not have been anticipated which if not addressed immediately by the Association may threaten the health, safety or property of persons or likely result in substantial financial loss to the Association. An emergency meeting may be called for no other purpose nor may any business other than response to such issues be addressed at such meeting. Written notice and the agenda shall be available at the meeting place prior to the commencement of the emergency meeting.

Section 6. Teleconferences. Any or all members of the Board of Directors of the Association may participate in a meeting by means of a conference telephone or other similar communications equipment when it is available and when it is otherwise difficult or impossible for the members to attend the meeting in person, provided that each member participating by conference telephone can be identified when speaking, all participants are able to hear each other at the same time and members of the public attending the meeting are able to hear any member of the Board who speaks during the meetings.

Section 7. Closed Meetings. The Board of Directors of the Association may close a meeting to the public only if the subject matter of such discussion or motion is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act.

- a. If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the Board taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.
- b. If the decision to hold a closed meeting is made when the Board of Directors is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

- c. Following completion of any closed meeting, the minutes of the open meeting that was closed or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.
- d. Except as provided in Section 10-15-1 (H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the Board of Directors in an open public meeting.
- e. No proxy voting shall be permitted on any matter discussed during or related to a closed meeting of the Board of Directors.

Section 8. Minutes. The Association shall keep written minutes of all open meetings. The minutes shall include the date, time and place of the meeting, names of the members in attendance and those absent, the substance of proposals considered and a record of any decisions and votes taken that show how each member voted. Draft minutes shall be prepared within ten (10) working days after each meeting and shall be approved, amended or disapproved at the next meeting where a quorum of the Board of Directors is present. Minutes shall not become official until approved by the Board. Recordings of open meetings of the Board may be made by Board members or Association support staff, but only for the purpose of preparing the official minutes. After the official minutes have been approved, the recordings of the open meetings shall be erased or used for recording other open meetings of the Association. No minutes shall be kept of closed meetings of the Association.

ARTICLE IX

Powers of the Board of Directors

Section 1. General. The Board of Directors shall have broad power to act for the Association in any manner not inconsistent with New Mexico Statutes (Sections 3-29-1 to 3-29-19 N.M.S.A. 1978), with the Articles of Incorporation of the Association or with these Bylaws. It shall manage and direct all of the affairs of the Association and shall have the prerogative of adopting and issuing rules and regulations to govern the provision of water service to the members of the Association. The Board of Directors shall further have, but shall not be limited to, authority to:

- a. Formulate management policies for the conduct of Association business;
- b. enter into contracts in pursuit of the business of the Association;
- c. hire agents or employees, determine the compensation and terminate such employment at its discretion;
- d. prepare and distribute information to keep the members informed;
- e. insure that water usage and water system disinfection inspections are conducted and records are maintained;
- f. adhere to Federal management, accounting and audit procedures for the control of United States property either on loan or received by grant from agencies of the United States government;
- g. establish charges and rates for service;
- h. determine budget shortfalls and levy remedial assessments;

- i. cause an annual financial review to be conducted in accordance with New Mexico Statute;
- j. formulate an annual budget;
- k. insure that annual corporate and financial reports are filed with Federal and State governments;
- l. insure that the annual New Mexico Corporation Commission license fee is paid;
- m. approve all expenditures of Association funds.

Section 2. Termination of Service. The Board of Directors shall have the authority to terminate the supply of water and/or sewer service to a delinquent member, in accordance with the Rules and Regulations of the Association. The Board must act after a written notice of delinquency has been sent to the delinquent member by mail and/or by posting on premises.

Section 3. Cancellation of Membership Certificate. The Board of Directors is empowered to cancel the membership certificate of any member who has failed to pay his service charges or assessments for a period of three (3) consecutive years. The delinquent member shall be apprised of such proposed action by the Board of Directors by certified mail and shall be given thirty (30) days to respond and clear the delinquent account by the payment of all charges, assessments, disconnect and reconnect fees for the entire three (3) years during which said member has been in arrears. Failure to respond and to clear such account shall result in cancellation of the membership certificate of the delinquent member and the removal of the member's name from the Membership Book of the Association.

Section 4. Assessments. Within sixty (60) days prior to the end of the fiscal year, but prior to the annual meeting of the members, the Board of Directors shall review the financial position of the Association to insure that income for the current year shall be sufficient to cover all expenses and obligations of the Association for the current fiscal year. In the event of a shortfall, the Board of Directors shall levy an assessment against the members in an amount sufficient to cover the deficit. Such assessment shall be prorated among the members and payment shall be due ten (10) days prior to the end of the fiscal year.

Section 5. Budget. The Board of Directors shall develop and present to the members at the annual meeting the budget for the following year. Such budget shall be based on the actual expenses and income for the current fiscal year and on the anticipated expenses and income of the following fiscal years. Such changes in rate and service charges as may be necessary to insure that income to be generated in the following fiscal year shall be sufficient to cover all costs of inspection, repairs, maintenance, administration, indebtedness and other expenses of the Association shall be incorporated into the budget.

Section 6. Net Savings. Each year during the annual budget development and review process, the Board of Directors shall make a determination whether or not the net savings, if any, for the current fiscal year are in excess of those necessary for the operation of the Association. If the Board of Directors determines that some or all of the net savings is in excess of operating requirements, such funds shall be allocated in accordance with New Mexico State Statute. Such funds as the Board of Directors determines to be not in excess of operating requirements shall be retained in the general working fund of the Association.

ARTICLE XOther

Section 1. Format of the Membership Certificate. The Board of Directors shall determine the format of the membership certificate. To be valid, the membership certificate must bear the signature of the President, an authenticating signature of the Secretary, statements embodying the voting entitlement of the owner and the prohibition against proxy voting required by New Mexico State Statutes and an impression of the seal of the Association.

Section 2. Membership Book. The Membership Book shall be the permanent record of the Association, maintained in current status and showing for each member his name, address, number and date of membership certificate, number of service connections, and the number of the lot or tract to which the certificate is appurtenant. The Membership Book, as the basis for the Voting Eligibility List, shall be closed from ten (10) days prior to any annual or special meeting of the members until the close of said meeting during which time no transfer of certificate of membership shall be approved by the Board of Directors.

Section 3. Voting Eligibility List. The Voting Eligibility List shall contain the names and addresses of all current members of the Association and shall be prepared by the Secretary from the Membership Book within the ten (10) day period immediately preceding any annual or special meeting of the members. Such list shall be impressed with the seal of the Association and shall be the basis for determination of quorum requirements and the establishment of voting eligibility.

Section 4. Establishing Reserve Funds. Although this Association is a non-profit cooperative association for the mutual benefit of its members, the Board shall establish rates at a level that provides for no less than ten (10) percent of annual operating expenses to be placed in a fund to used for the purpose of meeting contingent and unforeseen expenses of the Association. The Board of Directors shall determine the total amount of such contingent fund and at which amount it shall be maintained.

Section 6. Transfer of Membership. Certificates of membership may be transferred with the sale of the property identified on the membership certificate. The transfer may be to a different owner of the property, but not to another property without the approval of the Board of Directors. Such transfer shall be in accordance with the procedures outlined ~~therefore~~ in the Rules and Regulations of the Association, and the transferee shall be subject to approval by the Board of Directors in conformity with Sections 2 and 3 of this Article. Upon approval, the transfer shall be entered in the Membership Book of the Association, the membership certificate of the transferor shall be cancelled and a new membership certificate shall be issued in the name of the transferee. It is the responsibility of a potential new member who has acquired an existing membership to complete a Transfer Application Form. The completed application and a copy of the warranty deed or other document conveying the transfer of property must be submitted to the Secretary within ninety (90) days after purchase of the property.

Section 7. Expulsion from Membership. A member may be expelled from membership for repeated and gross violations of the Bylaws and Rules and Regulations of the Association by a vote of the majority of the members at an annual or a special meeting. The member against whom the charges are to be preferred shall be informed thereof in writing at least ten (10) days in advance of the meeting and shall have the opportunity to be heard in person or to be represented by counsel at said meeting. Upon decision of expulsion, the Board of Directors shall cancel the membership and shall terminate water service to the property of the expelled member.

Section 8. 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 without approval of the Board of Directors. 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.

ARTICLE XI Dissolution

In the event of dissolution under New Mexico State Statute and Article VIII of the Articles of Incorporation of the Association, the members voting to dissolve the Association shall by a majority vote specifically designate that federally exempt organization, corporation, association or enterprise which shall be the recipient of the surplus funds of the Association.

ARTICLE XII Amendment or Repeal of Bylaws

These Bylaws may be repealed or amended by a vote of the majority of the members present at any annual meeting of the Association 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 Utilities Services, 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 so to amend the bylaws as to effect a fundamental change in the policies of the corporation without the prior approval of the USDA/Rural Utilities Services in writing.

We the undersigned below Secretary and President of the Brazos Mutual Domestic Water Consumers Association, Inc., 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 which were duly adopted on September 12, 1999 and amended on May 25, 2008.

Secretary

(Seal)

President