

**FIVE PINE MESA**

# BYLAWS OF

THE RANCHES AT FIVE PINE MESA ASSOCIATION

These are the Bylaws of The Ranches at Five Pine Mesa Association, a Colorado nonprofit corporation (the "Association") .

# ARTICLE **1**

DEFINITIONS, PURPOSES, OFFICES, ASSENT

Section 1.1 Definitions. Unless otherwise specified, capitalized terms used in these Bylaws shall have the same meanings in these Bylaws as such terms have in the Declaration of Protective Covenants, Conditions, Restrictions and Easements for The Ranches at Five Pine Mesa, recorded or to be recorded in the office of the Clerk and Recorder ofRoutt County, Colorado, as the same may be amended, supplemented or restated from time to time (the "Declaration").

Section 1.2 Purposes. The specific purposes for which the Association is formed are set forth in the Articles .

Section 1.3 Offices. The Associat ion currently has its principal office located at 27 Main Street, Suite 102, PO Box 2450, Edwards, CO 81632. The Association may also have different or other offices and may carry on its purposes at such places within and outside the State of Colorado as the Executive Board may from time to time determine.

Section 1.4 Assent. All Owners, all Guests, Lessees and Subowners of any Owners, all Joint Use Owners and Joint Users and all other Persons using the facilities of The Ranches at Five Pine Mesa in any manner, are subject to these Bylaws and any rules and regulations adopted by the Executive Board pursuant to these Bylaws. The mere acquisition or rental of a Lot, the mere act of occupancy or use of a Lot, or the mere act of use of any of the Common Elements shall constitute an acceptance and ratification of these Bylaws and an agreement to comply with said rules and regulations .

# ARTICLE2 MEMBERSHIP

Section 2. 1 Membership . Ownership of a Lot is required in order to qualifY for membership in the Association.

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Section 2.2 Representation on Executive Board. If title to a Lot is held by a firm, corporation, limited liability company, partnership, association, or other entity, or any combination thereof, or if any individual or entity shall have title to more than one Lot, then in either case, that individual or entity may appoint, by a writing furnished to the Association, a delegate to represent each such Lot as a candidate for, and, if elected, as a member of, the

Executive Board. Such delegate shall not vote as a member of the Association unless such person

shall be appointed by a proxy executed in conformance with Sections 3.6 and 3.7 of these Bylaws

to cast the voting interest of the Lot which such delegate represents .

Section 2.3 Responsibilities of Members. Any Person, including Declarant, on becoming an Owner of a Lot, shall automatically become a member of the Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such Person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under, or in any way connected with, the Declaration or any of the other Association Documents, during the period of such ownership, or impair any rights or remedies which the Executive Board, the Association, or others may have against such former Owner arising out of ownership of the Lot or membership in the Association or the covenants and obligations incident thereto.

Section 2.4 Membership Certificates . No certificates of stock shall be issued by the Association, but the Executive Board may, if it so elects, issue membership cards to Owners of Lots. Any such membership card shall be surrendered to the secretary of the Association whenever ownership of the Lot designated on the card shall terminate.

Section 2.5 Membership . There shall be one class of membership consisting of all Owners, including Declarant, so long as Declarant is an Owner.

Section 2.6 Voting Rights. Each Lot shall be allocated that number of votes in the affairs of the Association which is equal to a fraction, the numerator of which shall be one and the denominator of which shall be the total number ofLots within The Ranches at Five Pine Mesa at the time in question. The Association shall not have a vote with respect to any Lot which may be owned by it. Declarant shall be entitled to vote with respect to Lots owned by it. Members of the Association may exercise such voting rights subject to and in accordance with the provisions of

the Declaration, these Bylaws and the other Association Documents .. Subject to the provisions of

the Declaration, these Bylaws and the other Association Documents, all members of the Association shall be entitled to vote on all matters affecting The Ranches at Five Pine Mesa, which are required by the Declaration or the Act to be submitted to the vote of the members.

Section 2.7 Declarant Control. Notwithstanding anything to the contrary contained in these Bylaw, Declarant shall be entitled during the Declarant Control Period to appoint and remove the members of the Association's Executive Board and the officers of the Association, subject to the following restrictions:

* + 1. Not later than 60 days after conveyance by Declarant to Owners other than Declarant of 25% of all Lots which may be created pursuant to this Declaration within portions

of the Property other than the Joining Parties' Property, at least one member and not less than 25% of the members of the Board shall be elected by Owners other than Declarant.

* + 1. Not later than 60 days after conveyance by Declarant to Owners other than Declarant of *50%* of all Lots which may be created pursuant to this Declaration within portions

of the Property other than the Joining Parties' Property, not less than 331

/3

% of the members of

the Board shall be elected by Owners other than Declarant.

* + 1. Not later than the termination ofthe Declarant Control Period, the Owners shall elect a Board of a least 3 members, at least a majority of whom shall be Owners other than Declarant or delegates of Owners other than Declarant appointed pursuant to

Section 2.2.

Declarant may voluntarily surrender its right to appoint and remove the members of the Board and the officers of the Association prior to the expiration of the Declarant Control Period, but, in

that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

# ARTICLE3 MEETINGS OF MEMBERS

Section 3. 1 Place ofMeeting. Meetings ofthe Association members shall be held at such place, within or outside the State of Colorado, as the Executive Board may determine .

Section 3.2 Annual Meeting . The first annual meeting of the Association members shall be held within one year after the date of the adoption of these Bylaws . Thereafter, the annual meetings of the Association members shall be held on a date and at a time selected by the Executive Board in each succeeding year. The purpose of the annual meetings is for the election ofDirectors and the transaction of such other business of the Association as may properly come before the meetings.

Section 3.3 Special Meetings. Special meetings of the Association members may be called by the president or the Executive Board, or by members representing at least twenty-five percent (25%) of the votes in the Association .

Section 3.4 Notice of Meetings . Written notice stating the place, day and hour of each meeting, a description of any matter that must be approved by the members or for which members' approval is sought at the meeting, a description of any matter which a member intends to raise at the meeting (if required under the Colorado Revised Nonprofit Corporation Act) and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be transmitted in accordance with the Declaration not less than fourteen (14) nor more than sixty

(60) days before the date of the meeting, by or at the direction of the president, or the secretary,

or the persons calling the meeting as provided under these Bylaws, to the registered address for notice to the Owner of each Lot entitled to be represented by a vote at such meeting (which

registered address shall be as provided for in the Declaration). Attendance of a member or such member's voting representative appointed pursuant to Section 3.7 at any meeting shall constitute a waiver of notice of such meeting, except when such member or voting representative attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened . Before, at, or after any meeting of the members, any member or such member's voting representative appointed pursuant to Section 3.7 may, in

writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice.

Section 3.5 Adjourned Meetings. If any meeting of Association members cannot be organized because a quorum, as defined in Section 3.8, has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is obtained.

Section 3.6 Proxies. Subject to Section 5.2 ofthe Declaration, votes may be cast in person or by proxy, but no proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy . Proxies shall be filed with the secretary ofthe Association at or before the appointed time of each meeting.

Section 3.7 Designation of Voting Reoresentative--Proxy . Iftitle to a Lot is held by a firm, corporation, limited liability company, partnership, association, or other entity, or any combination thereof, a proxy must be executed and filed with the Association appointing and authorizing one person or one of a group of alternate persons to act as the voting representative of such Lot and cast the votes allocated to that Lot. Such proxy shall be effective and remain in force unless voluntarily revoked, amended, or sooner terminated by its terms or by operation of law; provided, however, that within thirty (30) days after such revocation, amendment, or termination, the Owner shall reappoint and authorize one person or one of a group of alternate persons to act as such voting representative .

Section 3.8 Quorum. Except as otherwise provided in these Bylaws, the presence at an Association meeting in person or by proxy of the persons possessing sufficient votes to constitute 25% of the votes in the Association entitled to be cast shall constitute a quorum, and such persons present in person or by proxy shall constitute the members entitled to vote upon any issue presented at such a meeting at which a quorum is present. A majority of votes entitled to be cast by such persons present in person or by proxy at such a meeting at which a quorum is present

shall be sufficient to make decisions binding on all Owners, unless a different number or method

of voting is expressly required or permitted by the Declaration, or is expressly required by the Articles, these Bylaws or the Act.

Section 3.9 Members' Meetings by Telecommunication . Any or all of the members and members' voting representatives may participate in an annual, regular or special meeting of the members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A member or a member's voting representative participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.10 Members' Action by Written Ballot. Any action that may be taken at any annual, regular or special meeting of the members, except for action to consider ratification of a proposed budget for annual or special assessments pursuant to the Declaration, may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote on the matter, subject to and in accordance with the following:

* + 1. 1 A written ballot shall: (a) set forth each proposed action and (b) provide an opportunity to vote for or against each proposed action .
    2. 2 Approval by written ballot shall be valid only when the number ofvotes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.
    3. 3 All solicitations for votes by written ballot shall : (a) indicate the number of responses needed to meet the quorum requirements; (b) state the percentage of approvals necessary to approve each matter other than election of members of the Executive Board (c) specify the time by which a ballot must be received by the Association in order to be counted and

1. be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.
   1. 10.4 A written ballot may not be revoked .

3. 10.5 Action taken under this Section 3.10 shall have the same effect as action taken at a meeting of members and may be described as such in any document .

Section 3. 11 Action bv Unanimous Written Consent . Any action that may be taken at an annual, regular or special meeting of the members , except for action to consider ratification of a proposed budget for annual or special assessments pursuant to the Declaration, may be taken without a meeting if members entitled to vote thereon unanimously agree and consent to such action in writing, subject to and in accordance with the provisions ofthe Colorado Revised Nonprofit Corporation Act.

Section 3. 12 Members List Not Required . The Association shall not be obligated to prepare the members ' list described in Section 7-127-201 ofthe Colorado Revised Nonprofit Corporation Act.

# ARTICLE 4 DIRECTORS, EXECUTIVE BOARD

Section 4. 1 Number and Qualification . The affairs of the Association shall be governed by an Executive Board , which shall be initially composed of one (1) Director, and which may and/or shall be subsequently composed of three (3) Directors, as provided in Section 4.3. A Director may be a nonresident of Colorado, but each Director elected by the members (as

opposed to any Director appointed by Declarant pursuant to Section 2.7) must be an Owner or a delegate of an Owner, appointed pursuant to Section 2.2. A Director appointed by Declarant pursuant to Section 2.7 need not be an Owner or a delegate appointed pursuant to Section 2.2.

Section 4.2 Initial Executive Board . The name and current address of the one person who has been appointed by Declarant under Section 2.7 to initially act in the capacity of Director until his successor is duly elected and qualified are:

Address

Whitney 0. Ward 27 Main Street, Suite 102, PO Box 2450

Edwards, CO 81632

Section 4.3 Number of Directors. At such time as the requirements of Subsection 2.7. 1 become applicable, the number ofDirectors shall be increased to three (3), and, at any time prior thereto, the number ofDirectors may be increased to three (3), by resolution of the Executive Board .

Section 4.4 Terms of Office of Directors. The term of office of each Director appointed by Declarant under Section 2.7 shall be set as decided by Declarant, subject to the termination provisions of Section 2.7. The term of office of each other Director shall be until the next annual meeting of Owners after the election of such Director, or until his or her successor is duly elected and qualified, unless such other Director shall sooner resign or be removed or otherwise disqualified to serve.

Section 4.5 Special Executive Board Elections. Upon any ofthe events listed in Section 2.7 requiring that any Director be elected by Owners other than Declarant, a special meeting of the Association shall, if needed, be called to hold an election to elect an additional Director or Directors, as applicable, or to replace a Director or Directors appointed by Declarant.

Section 4.6 Executive Board Elections Generally . Directors, other than those appointed by Declarant pursuant to Section 2.7, shall be elected at annual or special meetings of the Association, except as stated in Section 4.8. Nominations of candidates for the Executive Board may be made by any member of the Association, any delegate appointed pursuant to Section 2.2, or any person who is then a member of the Executive Board . At any annual or special meeting of the Association at which a quorum is present, the candidate for a Director who receives the largest percentage of all votes entitled to be cast, in person or by proxy, for such Director, shall be elected to be such Director .

Section 4.7 Removal of Directors . At any annual, regular or special meeting of the members, duly called, at which a quorum is present, any one or more of the Directors (except any Director appointed by Declarant) may be removed with or without cause by a majority of the votes entitled to be cast, provided that (a) the notice for such meeting shall state that the purpose or one of the purposes of the meeting is removal of a Director, and (b) the number of votes cast

to remove the Director would be sufficient to elect such Director at a meeting to elect Directors.

At such meeting, a successor Director or Directors may then and there be elected by members to fill the vacancy or vacancies thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at any such meeting . The Executive Board shall designate by resolution or motion when such meeting shall be held after such meeting is properly set or called in accordance with these Bylaws and Colorado law.

Section 4.8 Vacancies. Any vacancy occurring in the Executive Board may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Executive Board. The term of the Director so elected shall be coincident with the term of the replaced Director .

Section 4.9 Quorum ofDirectors/Directors' Vote by Proxy . A majority of the number ofDirectors fixed from time to time by these Bylaws shall constitute a quorum for the transaction ofbusiness. Any act by a quorum of the Directors shall be the act of the Executive Board . For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director shall be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as provided in this Section 4.9 and as permitted by Section 4. 12, Directors may not vote or otherwise act by proxy .

Section 4. 10 Place and Notice ofDirectors' Meetings . Any annual, regular or special meetings of the Executive Board may be held at such place within or outside the State of Colorado and upon such notice as the Executive Board may prescribe . Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Executive Board, any member ofthe Executive Board may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice . Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Executive Board need be specified in the waiver of notice of such meeting.

Section 4. 11 Directors' Meetings by Telecommunications . The Executive Board may permit any Director to participate in an annual, regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director participating in a meeting by this means shall be deemed to be present in person at the meeting.

Section 4. 12 Executive Board Action in Lieu ofMeeting. Any action required or permitted to be taken by the Executive Board at a meeting of the Executive Board may be taken without a meeting if each and every member of the Executive Board in writing either (a) votes for such action, or (b) votes against such action or (c) abstains from voting and waives the right to demand that a meeting be held, subject to and in accordance with the following :

* + 1. The affirmative vote for such action must equal or exceed the minimum number of votes that would be necessary to take such action at a meeting at which all of the members ofthe Executive Board then in office were present and voted.
    2. No action taken shall be effective unless done in writing and describing the action taken and otherwise satisfying the requirements of this Section 4.12, signed by all members of the Executive Board and not revoked pursuant to Subsection 4. 12.3, are received by the Association (including electronically transmitted facsimile or other form of wire or wireless communication) . Action taken pursuant to this Section 4.12 shall be effective when the last writing necessary to effect the action is received by the Association, unless the writings describing the action taken set forth a different effective date.
    3. 3 Any member ofthe Executive Board who has signed a writing pursuant to this Section 4.12 may revoke such writing by a writing signed and dated by such member describing the action and stating that the prior vote with respect thereto is revoked; provided, however, such writing must be received by the Association before the last writing necessary to effect the action is received.
    4. Action taken pursuant to this Section 4. 12 shall have the same effect as action taken at a meeting of the Executive Board and may be described as such in any record of the Association .
    5. All signed written instruments necessary for any action taken pursuant to this Section 4. 12 shall be filed with the minutes of the meetings of the Executive Board.

Section 4.13 Powers and Duties . The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association, and for the operation and maintenance of a first class common interest ownership planned community . The Executive

Board may do all acts and things as are stated in the Declaration to be done by the Executive Board and may do all such acts and things for and on behalf of the Association as are not by law, the Act, the Articles or the Declaration either prohibited or directed to be exercised and done by other action, or in another manner, or by the Owners.

Section 4.14 Other Powers and Du t ies. Without limiting the generality of the powers and duties set forth in Section 4.13, the Executive Board shall be empowered and shall have the powers and duties as follows :

4. 14.1 To administer and enforce the covenants, conditions, restrictions, easements, reservations, rights-of-way, uses, limitations, obligations, and all other provisions set forth in the Declaration, the other Association Documents and in any Joint Use Instrument.

* 1. 14.2 To adopt and amend from time to time rules and regulations governing the use of the Lots, the use and operation of the Common Elements, and the imposition of late charges, fines and penalties relating to violations of any of the provisions of the Association Documents, as provided in the Declaration .
     1. To keep in good order, condition, and repair the Common Elements, as and to the extent permitted in the Declaration.
     2. To designate and remove personnel necessary for the operation, maintenance, repair, and replacement of the Common Elements.
     3. In accordance with the terms of the Declaration, to obtain and maintain in effect the insurance coverage specified in the Declaration to the extent that insurance is available from reputable carriers at costs which are not demonstrably unreasonable.
     4. Subject to the budgeting procedures contained in the Declaration, to fix, determine, levy, and collect the annual Assessments to be paid by the Owners, and to adjust, decrease, or increase the amount of the Assessments.
     5. To levy and collect special Assessments as provided in the Declaration. Special assessments are currently restricted under the Act.
     6. To levy and collect default Assessments as provided in the Declaration.

4. 14.9 To levy and collect fines for the violation of any of the provisions of the Association Documents, as provided in the Declaration.

* + 1. 10 To collect delinquent Assessments by suit or otherwise, to impose and collect late charges, interest, costs and attorneys' fees, and to enjoin or seek damages from an Owner, all as provided in the Declaration .
    2. To suspend the voting rights of an Owner for failure to comply with any of the Association Documents, which suspension is hereby deemed to be reasonable, so long as such suspension is made pursuant to a procedure that is fair and reasonable and is carried out in good faith.
    3. To protect and defend The Ranches at Five Pine Mesa from loss and damage by suit or otherwise.
    4. Subject to restrictions as may be set forth in the Declaration and the Act, to borrow funds and give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness and security as the Executive Board may deem necessary, and such indebtedness shall be the several obligations of all the Owners in the same proportions as they share the Common Expenses; provided, however, that the Executive Board shall not borrow more than $10,000.00 or cause the Association to be indebted on a loan for more than $10,000 .00 at any one time

without the prior approval of at least a majority of the votes in the Association . The Act currently

restricts the conveyance or encumbrance of the Common Elements pursuant to Section 38-33.3- 312 of the Act.

* + 1. 14 To buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of the Association, subject to the Declaration and the Act. The Act currently restricts the conveyance or encumbrance ofthe Common Elements pursuant to Section 38-33.3-312 ofthe Act.
    2. To enter into contracts within the scope oftheir duties and powers, provided, however, that any contract with a managing agent or for management of the Common Elements, or any contract providing for services of the Declarant or an affiliate of the Declarant, may not exceed three (3) years and any such contract with a managing agent or the Declarant or an affiliate of the Declarant must provide for termination without penalty by the Executive Board at the expiration of the Declarant Control Period, upon no less than ninety (90) days' notice, as more fully set forth in Section 38-33.3-305 of the Act.
    3. To establish bank accounts which are interest bearing or non-interest bearing, as may be deemed advisable by the Executive Board .

4. 14. 17 To keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declaration and these Bylaws and, upon the vote of two-thirds of the votes in the Association, to cause a complete review or audit to be made of the books and records by a competent certified public accountant.

* + 1. 18 To prepare and deliver annually to each member a statement showing all receipts, expenses, or disbursements since the last such statement , including depreciation and other tax information .
    2. To collect working capital deposits from each Lot Owner who purchases a Lot, on behalf of the Association as provided in the Declaration .
    3. In general, to perform all other acts permitted under the Act to carry on the administration ofthe Association, and, subject to the Act, to perform all other acts permitted or required by the Declaration, and to do all those things necessary and responsible in order to carry out the communal aspects of planned community ownership and the proper governance and operation of the Association and The Ranches at Five Pine Mesa, all in accordance with the Declaration and the Act .

Section 4.15 Managing Agent. The Executive Board may employ for the Association a managing agent at a compensation established by the Executive Board, to perform such duties and services specified in Sections 4. 13 and 4.14 as the Executive Board shall authorize; provided, however, that the Executive Board in delegating such duties shall not be relieved of its responsibility under the Declaration or the Act.

Section 4.16 Directors' Compensation. Directors shall not be paid any compensation for their services performed as such Directors unless a resolution authorizing such remuneration shall have been adopted by the Association . Each member of the Executive Board shall receive reimbursement for actual and reasonable transportation, meals, and lodging expenses for attendance at any annual, regular or special meeting of the Executive Board , and for other actual and reasonable expenses incurred in connection with the performance of his or her duties of office as a member of the Executive Board .

ARTICLE 5 OFFICERS AND THEIR DUTIES

Section 5. 1 Enumeration of Officers. The officers of the Association shall be a president , vice-president, secretary, and treasurer, and such other officers as the Executive Board may from time to time by resolution create, including but not limited to additional vice presidents and assistant secretaries and assistant treasurers. The president must be a member of the Executive Board .

Section 5.2 Election of Officers . The election of officers shall take place at the first meeting of the Executive Board and thereafter at the first meeting of the Executive Board following each annual meeting of the members .

Section 5.3 Term . The officers of the Association shall be elected annually by the Executive Board and each shall hold office for one year, or until his or her successor is duly elected and qualified , unless such officer shall sooner resign or be removed or otherwise disqualified to serve.

Section 5.4 Special Appointments . The Executive Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Executive Board may from time to time determine .

Section 5.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Executive Board . Any officer may resign at any time by giving written

notice to the Executive Board , the president , or the secretary . Such resignation shall take effect

on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective .

Section 5.6 Vacancies . A vacancy in any office may be filled by appointment by the Executive Board . The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces .

Section 5.7 Multiple Offices . Any two or more offices may be held by the same person , except that at such time as there are three (3) Directors , the offices of president and secretary shall be held by separate persons .

Section 5.8 Duties. The duties ofthe officers are as follows :

* + 1. 1 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and of the Executive Board . The president shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees, and shall perform such duties as may be assigned to him or her by the Executive Board. The president has the authority to prepare, execute, certify and record documents reflecting amendments to the Declaration which are properly made pursuant to the provisions of the Declaration .
    2. Vice-President. The vice-president or vice-presidents, if there are more than one, shall assist the president and shall perform such duties as may be assigned to him or her, or them, by the president or by the Executive Board. In the absence of the president, the vice­ president shall have the powers and perform the duties of the president.
    3. Secretary. The secretary shall keep the minutes ofthe proceedings ofthe members and the Executive Board. The secretary shall see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law. The secretary shall be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Executive Board . The secretary shall keep at the Association's registered office or principal place ofbusiness within or outside Colorado a record containing the names and registered addresses of all members, the designation of the Lot owned by each member, and, if such Lot is mortgaged, the name and address of each Mortgagee ofwhich the Association has received written notice. The secretary shall, in general, perform all duties incident to the office of secretary and such other duties as from time to time may by assigned to him or her by the President or by the Executive Board . Assistant secretaries, if any, shall have the same powers and duties as the secretary, subject to supervision by the secretary .
    4. Treasurer . The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other such personal property of the Association and shall deposit the same in accordance with the instructions of the Executive Board . The treasurer shall receive and give receipts and acquittances for monies paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts ofthe Association of whatever nature upon maturity .

The treasurer shall perform all other duties incident to the office of the treasurer and, upon

request to the Executive Board, shall make such reports to it as may be required at any time. The treasurer shall, if required by the Executive Board, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Executive Board, conditioned upon the faithful performance of his or her other duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association . The treasurer shall have such other powers and perform such other duties as may be from time to time prescribed by the Executive Board or the president. Assistant treasurers, if any, shall have the same powers and duties as the treasurer, subject to the supervision of the treasurer.

# ARTICLE6 INDEMNIFICATION

Section 6.1 Indemnification. To the fullest extent not expressly prohibited by law and consistent with the Articles and the Declaration, the Association shall indemnify every current and fanner Director and officer of the Association, every current and former member of a committee of the Association, every current and former member of the Design Review Board, every current and former employee or agent of the Association or the Design Review Board, and every person who serves or has served at the request of the Association as a manager, director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, or other enterprise or employee benefit plan, against any liability asserted against and any liability and expense incurred by such person in connection with holding such position . Indemnification under this Section shall not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

Section 6.2 Settlement. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified is entitled to receive indemnification from the Association, pursuant to the Articles, the Declaration and applicable law.

Section 6.3 Indemnification Rights Not Exclusive. The foregoing rights shall not be exclusive of other rights to which such Director or officer or other person may be entitled .

Section 6.4 Indemnification Costs Are Common Expense. All liability, loss, damage, cost and expense arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a Common Expense .

Section 6.5 Right to Impose Conditions to Indemnification . The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article 6, such reasonable requirements and conditions as the Executive Board deems appropriate in each specific case and circumstance including, without limitation, any one or more ofthe following: (a) that any counsel representing an indemnified person in connection with the defense or settlement of any claim or proceeding shall be counsel mutually agreeable to the indemnified person and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against an indemnified person; and (c) that the Association shall be subrogated, to the extent of any

payments made by way of indemnification, to all of an indemnified person's right of recovery, and that an indemnified person shall execute all writings and do everything necessary to assure such rights of subrogation to the Association .

# ARTICLE 7 BYLAWS

Section 7. 1 Amendments . Except as provided in Section 7.2, any provision of these Bylaws may be amended or eliminated by a vote of a majority of a quorum of the Executive

Board at an annual, regular or special meeting of the Executive Board. Except as provided in Section 7.2, any provision of these Bylaws may also be amended or eliminated by the members as provided in Section 7-130-201 ofthe Colorado Revised Nonprofit Corporation Act.

Section 7.2 Declarant Consent to Amendment Required During Declarant Control Period and Certain Other Times/Certain Amendments Not Permitted . Notwithstanding anything to the contrary contained in this Article 7 or elsewhere in these Bylaws, no provision of these Bylaws may be amended or eliminated during the Declarant Control Period or during any period thereafter when Declarant owns any interest in any part the Property, without the written consent

.ofDec.iarant, and, furthermore, no amendment or elimination of any provision of these Bylaws

shall shorten the term of any Director, or delete any provision which must be contained in these Bylaws under the terms of the Act, or conflict with the Act, the Articles or the Declaration .

Section 7.3 Compliance With the Act. These Bylaws are intended to comply with the requirements of the Act, which is commonly known as the Colorado Common Interest Ownership Act. To the extent that any provision ofthese Bylaws conflicts with any provision ofthe Act, such provision of the Act shall govern the Association instead .

Section 7.4 Conflict Between Documents . In the case of any conflict between any provisions of the Articles and any provisions of these Bylaws, the provisions of the Articles shall control; and in the case of any conflict between any provisions of the Declaration and any provisions ofthese Bylaws or of the Articles, the provisions ofthe Declaration shall control.

# ARTICLE 8 NONPROFIT CORPORATION

The Association is not organized for profit. No member of the Association, member of the Executive Board, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event shall any part of the funds or assets of the Association be paid as a dividend, or be distributed to, or inure to the benefit of, any member, officer or Director of the Association . The foregoing, however, shall neither prevent nor restrict: (a) reasonable compensation being paid to any member, officer or Director of the Association acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association , or (b) any member, officer or Director of the Association being reimbursed for

his or her actual and reasonable expenses incurred in connection with the administration of the

affairs of the Association .

# ARTICLE 9 COMMITTEES

The Executive Board may appoint such committees of the Association as it deems appropriate in carrying out its purposes.

# ARTICLE 10

BOOKS AND RECORDS; STATEMENT OF ACCOUNT

Section 10. 1 Inspection. The books and records of the Association shall be available for inspection by the members of the Association and their respective designees, and by the officers and Directors of the Association and their respective designees, at the office where such books and records are kept, where copies may be purchased at a reasonable cost, as established from time to time by the Executive Board.

Section 10.2 Statement of Account. Statements of account for each Lot shall be furnished by the Association in accordance with Section 6.15 of the Declaration .

# ARTICLE 11 CORPORATE SEAL

The Association may have a seal or stamp in circular form having within its form the words: "Association."

# ARTICLE 12 FISCAL YEAR

The fiscal year of the Association shall be determined by the Executive Board and shall be subject to change by the Executive Board .

# ARTICLE 13 MISCELLANEOUS

Section 13. 1 Fidelity Insurance or Bond; Segregation of Association Funds Held by Third Parties. If any of the Association's Directors, officers, employees, or any Owners, handle or are responsible for handling funds belonging to or administered by the Association, the

Association shall maintain, to the extent reasonably available, fidelity insurance or a fidelity bond

with respect to such persons, in an amount not less than two (2) months's current Assessments, plus reserves, as calculated from the then-current budget of the Association. If a managing agent or any person who is not described in the first sentence of this Section 13. 1 handles or is responsible for handling funds belonging to or administered by the Association, including any collection, deposit, transfer or disbursement of such funds, then the Association shall maintain, or shall require the managing agent or such person to maintain, fidelity insurance or a fidelity bond with respect to the managing agent or such person, in an amount not less than two (2) months's current Assessments, plus reserves, as calculated from the then-current budget of the Association, but in no event less than $50,000.00 . Each policy of fidelity insurance and each fidelity bond shall name the Association as the insured or obligee, as the case may be, and shall contain waivers by the issuer of all defenses based upon the exclusion of persons serving without compensation from any definition of "employees," or similar terms or expressions. In addition to the foregoing requirements relating to fidelity insurance or fidelity bonds, if the managing agent or any person who is not described in the first sentence of this Section 13.1 handles or is responsible for

handling funds belonging to or administered by the Association, all funds and accounts belonging to or administered by the Association held by the managing agent or such person shall be kept in an account separate from the funds of other parties held by such managing agent or person, and

all reserves of the Association shall be kept in an account separate from the operational account of

the Association.

Section 13.2 Order ofBusiness. The order ofbusiness at all meetings ofthe Executive Board or the members shall be as follows:

1. Roll call;
2. Statement of compliance with procedures for notice of meeting or waiver of notice;
3. Reading of minutes;
4. Reports of officers, if applicable;
5. Reports of committees, if applicable;
6. Election of Directors, if applicable;
7. Election of officers, if applicable;
8. Unfinished business;
9. New business; and
10. Adjournment.

Section 13.3 Rules ofMeetings. The Executive Board may prescribe reasonable rules for the conduct of all meetings of the Executive Board and of the members, and in the absence of such rules, Robert's Rules of Order shall be used.

Section 13.4 Captions. The captions and headings in these Bylaws are for convenience only and shall not be considered iri construing any provision of these Bylaws.

Section 13.5 Numbers and Genders: Use ofWord Including: Meaning ofRules and Regulations . Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural number shall include the singular and the use of any gender shall include all genders, as the context may require . Whenever in these Bylaws the term "including" is used by itself, followed by examples, such term shall mean "including but not limited to," even though such additional qualifying words are not used . Whenever in these Bylaws the term "rules and regulations" is used, such term shall mean rules, regulations, procedures and policies . ·

Section 13.6 No Purchase ofMembership Interest. No action by the Association pursuant to the exercise any of its foreclosure and other rights under Article VI of the Declaration shall be considered a purchase of a membership interest in the Association under Section 7-126- 303 ofthe Colorado Revised Nonprofit Corporation Act.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary ofThe Ranches at Five Pine Mesa Association, a Colorado nonprofit corporation; and

That the foregoing Bylaws constitute the original Bylaws of that Association, as duly adopted by written action of the Executive Board and of the sole member of that Association, on

*\TMt?*

the *1/K* day of *00CV* ·

IN WITNESS WHEREOFJ.\_.have hereunto subscribed my name and affixed the seal of said Association this */1#.-* of V , oUJM .

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Name : *cuM J?v£c, o. U/rrt<o*

Secretary

Certification Page

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