

**BYLAWS
OF
EAGLE RANCH ASSOCIATION¹**

The name of the corporation shall be EAGLE RANCH ASSOCIATION, a Colorado nonprofit corporation (the "Association").

**ARTICLE 1
PURPOSES, ASSENT OF MEMBERS, AND DEFINITIONS**

Section 1.1 Purposes. The specific purposes for which the Association is formed are (i) to provide for the maintenance, preservation and control of the mixed-use project (hereinafter, "Eagle Ranch") containing both commercial and residential uses, located on that certain tract of real property situated in the County of Eagle, State of Colorado, as more fully described in Exhibit A of the Declaration for Eagle Ranch, filed or to be filed for record with the Office of the Clerk and Recorder of Eagle County, Colorado, as amended or supplemented from time to time (the "Declaration"), (ii) to serve the legitimate interests of the Owners of each of the Residential Units and the Commercial Units (as defined in the Declaration), and (iii) to promote the general health, safety and welfare of the Owners, residents, and occupants of Eagle Ranch.

Section 1.2 Assent. All present or future Owners, tenants, future tenants, or any other persons using the facilities of Eagle Ranch in any manner are subject to these Bylaws and any rules adopted by the Executive Board pursuant to these Bylaws. The mere acquisition or rental of any of the Units within Eagle Ranch or the mere act of occupancy of any of those Units shall constitute an acceptance and ratification of these Bylaws and an agreement to comply with said rules.

Section 1.3 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.

**ARTICLE 2
MEMBERSHIP**

Section 2.1 Membership. Ownership of a Unit is required in order to qualify for membership in the Association.

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

¹ Sect. 4.12.18.1 revised.

Section 2.3 Responsibilities of Members. Any person, including Declarant, upon becoming an Owner of a Unit, 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 Unit, 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 Association during the period of such ownership, or impair any rights or remedies which the Executive Board of the Association or others may have against such former Owner arising out of ownership of the Unit and membership in the Association and 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 Units. Such membership card shall be surrendered to the Executive Board of the Association whenever ownership of the Unit designated on the card shall terminate.

Section 2.5 Membership. There shall be two (2) classes of membership as follows:

2.5.1 Residential Unit Members. All Owners of Residential Units, including Owners of Residential Lots, and Declarant so long as Declarant continues to own an interest in a Residential Unit, shall be Residential Unit Members. An Owner of any Undeveloped Property (including Declarant if Declarant continues to own an interest in any such Undeveloped Property) shall be a member of this class only if such Undeveloped Property is approved to contain a Residential Unit or Units as provided in the Town Documents, subject to having voting rights as set forth in Section 2.6.

2.5.2 Commercial Unit Members. All Owners of the Commercial Units and Declarant so long as Declarant continues to own an interest in a Commercial Unit, shall be Commercial Unit Members. An Owner of any Undeveloped Property (including Declarant if Declarant continues to own an interest in any such Undeveloped Property) shall be a member of this class only if such Undeveloped Property is approved to contain a Commercial Unit or Units as provided in the Town Documents, subject to having voting rights described in Section 2.6.

Section 2.6 Voting Rights. Each Unit shall be allocated a number of votes for the purpose of matters relating to Association issues as set forth below:

2.6.1 Residential Units. Each Residential Unit (excluding Undeveloped Property) shall be allocated one (1) vote.

2.6.2 Commercial Units. Each Commercial Unit (excluding Undeveloped Property) shall be allocated the greater of: (a) one (1) vote for such Commercial Unit; or (b) one (1) vote for every 500 square feet of space contained in such Commercial Unit. In the event that the calculation of the voting allocation of a Commercial Unit results in what would otherwise be a fractional vote, such voting allocation shall be rounded down to the nearest whole number of votes.

2.6.3 Undeveloped Property. Until such time as individual Residential Units or Commercial Units are created as contemplated by the Town Documents by further subdivision of

any Undeveloped Property, each separately owned parcel of Undeveloped Property shall be allocated one (1) vote with respect to each class of membership in the Association to which the Undeveloped Property belongs unless the Owner of such parcel of Undeveloped Property shall give written notice to the Association of its election to be allocated votes as follows:

2.6.3.1 one (1) vote with respect to each approved but undeveloped Residential Unit which may be constructed on the Undeveloped Property based upon the maximum residential density of such Undeveloped Property; and

2.6.3.2 one (1) vote for every 500 square feet of approved but undeveloped commercial space which may be constructed on the Undeveloped Property based upon the maximum commercial density of such Undeveloped Property. In the event that the calculation of the voting allocation of a parcel of Undeveloped Property relating to approved but undeveloped commercial space results in what would otherwise be a fractional vote, such voting allocation shall be rounded down to the nearest whole number of votes.

Notwithstanding the foregoing, if an Owner elects to have votes allocated as set forth in Subsection 2.6.3.1 and/or 2.6.3.2, and the Undeveloped Property is permitted to have both residential and commercial uses thereon, then in no event shall such Owner have voting rights in each class which, when combined, would constitute more voting rights than the maximum density of the Undeveloped Property, based on a mix of commercial and residential uses, would allow.

The election described in this Subsection may be made no more often than once during any calendar year, unless such Undeveloped Property is transferred or conveyed to a new Owner, in which event such new Owner may make a new election. Such election shall contain an allocation of votes between residential and commercial as provided in this Subsection.

Section 2.7 Election of Directors. During the Declarant Control Period (hereinafter defined), the Directors shall be elected as provided in Section 4.2 hereinbelow without regard to the classes of Directors or the election thereof by certain categories of members as described in this Section below. It is hereby determined that, after the expiration of the Declarant Control Period, in order to protect the valid interests of the various classes of Owners, each class requires representation on the Executive Board and is hereby entitled to elect certain Directors thereto. After the expiration of the Declarant Control Period, the Executive Board shall consist of seven (7) persons, of which the class of Residential Unit Members shall be entitled to nominate and elect four (4) of the seven (7) Directors, and the class of Commercial Unit Members shall be entitled to nominate and elect three (3) of the seven (7) Directors. All members of the Executive Board shall be entitled to participate in all Association affairs which affect Eagle Ranch.

Section 2.8 Fairness Standard. The Executive Board, the officers of the Association and the Association shall have the duty to represent the interests of both Commercial Unit Members and the Residential Unit Members in a fair and just manner on all matters that may affect either or both classes of Owners. In upholding their duties, the Executive Board, the officers and the Association shall be held in their decisions to the standards of good faith and

reasonableness with respect to such matters, taking into account the effect, if any, of the matter on Eagle Ranch as a whole.

Section 2.9 Voting by Association Members. To the extent a matter is required by the Declaration or the Act to be submitted to the vote of the members of the Association, all members shall be entitled to participate in the vote on such matters.

ARTICLE 3 MEETINGS OF MEMBERS

Section 3.1 Place of Meeting. Meetings of the Association members shall be held at such place within Eagle County, 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 of Directors and the transaction of such other business of the Association as may properly come before the meeting.

Section 3.3 Special Meetings. Special meetings of the Association members may be called by the President, the Executive Board or by members representing not less than ten (10%) of the total votes entitled to be cast on Association matters as described in the Declaration.

Section 3.4 Notice of Meetings. Written notice given in accordance with Section 4.8 of the Declaration to the members or any class thereof and stating the place, day, and hour of each meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered and effective not less than ten (10), or if notice is mailed by other than first class or registered mail, no fewer than thirty (30) days, nor more than sixty (60) days before the date of the meeting, by or at the direction of the President or the persons calling the meeting as provided under these Bylaws, to the registered address for notice (as provided in the Declaration) of each Unit entitled to be represented by a vote at such meeting.

Section 3.5 Adjourned Meetings. If any meeting of Association members cannot be organized because a quorum, as defined below 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. 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 Executive Board of the Association at or before the appointed time of each meeting. The Executive Board shall have the power and authority to approve the form of proxy used and, at a minimum, such form shall include the following: (i) identification of the Unit to which the proxy relates; (ii) the name of the holder of the proxy (which must be only one individual); (iii) the scope of the power granted by the proxy; (iv) the

duration of the power conveyed by the proxy; and (v) the signature of all Owners of record of the Unit.

Section 3.7 Designation of Voting Representative--Proxy. If title to a Unit is held by more than one individual, by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, a proxy may be executed and filed with the Association in accordance with Section 3.6 of these Bylaws appointing and authorizing one person or alternate persons to attend all annual and special meetings of the Association members and to cast the vote allocated to that Unit. In the absence of a proxy, the vote allocated to the Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. In the event that a vote is cast by a member on behalf of such member's Unit without objection at the meeting at which such vote is cast by any other Owner of such Unit, then such person shall be deemed for all purposes under the Declaration and these Bylaws to be the duly and validly appointed representative for all Owners of the Unit. The Association and the Executive Board shall be entitled to rely on the authority of such Owner to vote with respect to the Unit, and the vote cast by such person shall be the validly cast vote of all of the Owners of such Unit and shall bind such other Owners.

Section 3.8 Quorum and Voting. Except as otherwise provided in these Bylaws, the presence in person or by proxy of the Association members possessing ten percent (10%) of all votes entitled to be cast at the meeting shall constitute a quorum, and such members present in person or by proxy shall constitute the members entitled to vote upon any issue presented at a meeting at which a quorum is present. A majority of votes entitled to be cast by such members present in person or by proxy shall be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the articles of incorporation of the Association, or these Bylaws. At any meeting of the members of the Association at which a quorum is present, a quorum shall be deemed to exist throughout such meeting until it is adjourned.

ARTICLE 4 EXECUTIVE BOARD

Section 4.1 Number and Qualification. The affairs of the Association shall be governed by an Executive Board, composed of from three (3) to seven (7) persons during the Declarant Control Period and seven (7) persons thereafter. The Directors may be nonresidents of Colorado, but all Directors elected by the members (as opposed to any Directors appointed by Declarant pursuant to Section 4.2 below) must be owners of Units or their delegates.

Section 4.2 Declarant Control. Notwithstanding anything to the contrary provided for herein, Declarant shall be entitled during the Declarant Control Period (defined below) to appoint and remove the members of the Association's Executive Board and officers of the Association, subject to the following restrictions:

4.2.1 Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the Units to Owners, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by all Owners (including

Residential Unit Members and Commercial Unit Members) other than Declarant, at large (without regard to the provisions of Section 2.7 of these Bylaws or Section 4.4 of the Declaration regarding election of certain Directors by certain classes of members).

4.2.2 Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the Units to Owners, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board shall be elected by all Owners (including Residential Unit Members and Commercial Unit Members) other than Declarant, at large (without regard to the provisions of Section 2.7 of these Bylaws or Section 4.4 of the Declaration regarding election of certain Directors by certain classes of members).

4.2.3 Not later than the termination of the Declarant Control Period, the Owners shall elect an Executive Board of seven (7) members in the manner and subject to the provisions of Section 2.7 of these Bylaws and Section 4.4 of the Declaration regarding election of certain Directors by certain classes of members, at least a majority of whom shall be Owners other than Declarant or designated representatives of Owners other than Declarant.

4.2.4 The Declarant Control Period is hereby defined as the period of time commencing on the date of incorporation of the Association and terminating on the earliest of the following events: (i) sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the maximum number of Units that may be created under zoning or other governmental development approvals in effect for the large planned community at any given time to Unit Owners other than Declarant, (ii) six (6) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or (iii) twenty years after recordation of the Declaration.

For the purposes of determining the number of Units which must be conveyed to meet the levels set forth in this Section 4.2, the percentages set forth herein shall be applied against the maximum number of Units permitted by the Town Documents as of the date hereof as described in Section 1.3 of the Declaration.

Section 4.3 Initial Executive Board. The Executive Board shall initially consist of three Directors. The names and addresses of three (3) persons who are to initially act in the capacity of Directors until their successors are duly elected and qualified are as follows:

<u>Name</u>	<u>Address</u>
Robert L. Knous	803 Brush Creek Road P.O. Box 1630 Eagle, Colorado 81631
James P. Adams	803 Brush Creek Road P.O. Box 1630 Eagle, Colorado 81631

J.J. Collins

803 Brush Creek Road
P.O. Box 1630
Eagle, Colorado 81631

Section 4.4 Terms of Office of Initial Board. The terms of office of the Executive Board initially appointed by Declarant under Section 4.3 above shall be set by Declarant (subject to the provisions of termination under Section 4.2).

Section 4.5 Terms of Office of Subsequent Boards. Subject to the requirements of Section 38-33.3-303 of the Act, every Director elected to replace the members of the Executive Board appointed by Declarant during the Declarant Control Period shall serve a term of from one (1) to three (3) years, so that the term of one-third (1/3) (or as close thereto as possible) of the Directors shall expire each year. Elections of Directors shall be conducted as provided in Section 4.6 below. The Directors shall hold office until their successors have been duly elected and qualified.

Upon expiration of the Declarant Control Period, the Directors shall be elected to staggered terms of office as follows: (i) of the Directors elected by the Residential Unit Members, the two (2) Directors who receive the highest number of votes shall be elected to a three (3) year term, the Director who receives the third highest number of votes shall be elected to a two (2) year term, and the Director who receives the least number of votes shall be elected to a one (1) year term (in the event of a tie, such Directors shall agree among themselves regarding their terms); and (ii) of the Directors elected by the Commercial Unit Members, the Director who receives the highest number of votes shall be elected to a three (3) year term, the Director who receives the second highest number of votes shall be elected to a two (2) year term, and the Director who receives the least number of votes shall be elected to a one (1) year term (in the event of a tie, such Directors shall agree among themselves regarding their terms). All Directors elected to replace the Directors initially elected by the members after the expiration of the Declarant Control Period shall be elected for three (3) year terms.

Section 4.6 Board Elections. Upon the events listed in Section 4.2 above requiring that certain member(s) of the Executive Board be elected by the Owners other than Declarant, a special meeting of the Association shall be called to hold elections for persons to replace such resigning members of the Executive Board.

The Directors shall hold office until their successors have been duly elected and qualified. Nominations of candidates for the Executive Board may be made by any members of the applicable membership classification in the Association (including persons who are then members of the Executive Board). The candidate receiving the largest percentage of all votes of members within the applicable membership classification present in person or represented by proxy at the meeting shall be elected. Cumulative voting is prohibited.

Section 4.7 Removal of Directors. At any regular or special meeting of the Association duly called at which a quorum of the applicable category of members exists, any one or more of the Directors elected by a category of members may be removed with or without cause by a vote of sixty-seven percent (67%) of the votes of such members present and entitled

to be cast at such meeting; provided, however, that any Director elected by Declarant may be removed only by Declarant. Successors may then and there be elected by such members to fill the vacancies thus created.

Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting. The Executive Board shall designate by resolution or motion when such regular or special 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 of Directors. A majority of the number of Directors fixed from time to time by these Bylaws shall constitute a quorum for the transaction of business. Any act by a quorum of the Directors shall be an act of the Executive Board.

Section 4.10 Place and Notice of Directors' Meetings. Any regular or special meetings of the Executive Board may be held at such place within or without the State of Colorado and upon such notice as the 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 of the 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 regular or special meeting of the Executive Board need be specified in the waiver of notice of such meeting. The Executive Board shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all members of the Executive Board. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board.

The Executive Board may participate in a meeting by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.11 Powers and Duties. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association. The Executive Board may do all such acts and things which are not specifically required to be done by the members of the Association by law, the Declaration, the articles of incorporation of the Association, or these Bylaws.

Section 4.12 Other Powers and Duties. Without limiting the generality of the powers and duties set forth in Section 4.11 of these Bylaws, the Executive Board shall be empowered and shall have the powers and duties as follows:

4.12.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions, and to perform the Functions of the Association, set forth in the Declaration.

4.12.2 To adopt and amend from time to time administrative rules and regulations governing the use and operation of the Common Area as provided in the Declaration.

4.12.3 To keep in good order, condition, and repair all the Common Area and all items of personal property, if any, used in the enjoyment of Eagle Ranch in accordance with the terms of the Declaration. No approval of the Owners is required for expenditures for these purposes.

4.12.4 To designate and remove personnel necessary for the operation, maintenance, repair, and replacement of the Common Area in accordance with the terms of the Declaration.

4.12.5 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.

4.12.6 Subject to the budgeting procedures contained in the Declaration, to fix, determine, levy, and collect the prorated annual Assessments to be paid by each of the members towards the gross expenses of Eagle Ranch, and to adjust, decrease, or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the members against the next succeeding Assessment period.

4.12.7 To levy and collect special Assessments whenever, in the opinion of the Executive Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies, subject to any limitations imposed by the Declaration and the Act, and further subject to the requirement that all special Assessments shall be based on a budget adopted in accordance with the terms of the Declaration prior to levying a special Assessment.

4.12.8 To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Bylaws; to enforce a late charge of fifteen percent (15%) of the amount outstanding or such other charge as the Executive Board may fix by rule from time to time in connection with Assessments remaining unpaid more than fifteen (15) days from the due date for payment thereof; and to collect interest on unpaid Assessments in accordance with Article 5 of the Declaration at the Maximum Rate in effect on the date the obligation to pay such interest arises.

4.12.9 To collect transfer Assessments as set forth in Article 5 of the Declaration.

4.12.10 To protect and defend Eagle Ranch from loss and damage by suit or otherwise.

4.12.11 Subject to restrictions as may be set forth in the Declaration and the Act, to borrow funds in order to pay for any expenditure or outlay required for Eagle Ranch or portion of Eagle Ranch 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 as the Association may deem necessary.

4.12.12 To dedicate, sell, or transfer all or any part of the Common Area to any public, governmental, or quasi-governmental agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members and subject to such additional limitations as may be set forth in the Declaration and the Act (the Act currently restricts the conveyance or encumbrance of the Common Area pursuant to Section 38-33.3-312 thereof).

4.12.13 To enter into contracts within the scope of their duties and powers, including, without limitation, contracts with any District or other homeowners' associations or entities to provide services for the benefit of members and their families, guests, tenants and invitees.

4.12.14 To establish a bank account for the treasury and for all separate funds which are required or may be deemed advisable by the Executive Board.

4.12.15 To keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements of the Executive Board and to permit examination thereof by Owners and their Mortgagees at convenient weekday business hours.

4.12.16 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. In the event the Association elects to delegate powers of the Executive Board relating to collection, deposit, transfer or disbursement of Association funds to a Managing Agent, an annual accounting for Association funds and a financial statement shall be prepared and presented to the Association by the Managing Agent, a public accountant, or a certified public accountant.

4.12.17 To collect an initial contribution to working capital from each Owner who purchases a Unit from Declarant and from any successor Owner of a Unit equal to \$125.00, which shall be used by the Association as a working capital fund for the Common Area.

4.12.18 To impose fines, suspend voting, or suspend any rights of an Owner or other occupant for violations of any rules and regulations or other Association Documents; provided, however, that the Executive Board shall not take action against an Owner or occupant for such violations unless and until the procedure set forth below is followed (except that if the violation is a violation of the Wildlife Plan, then the procedures set forth therein shall govern):

4.12.18.1 Demand². Written demand to cease and desist from the alleged violation will be served upon the alleged violator specifying (i) the alleged violation, (ii) the action required to abate the violation, and (iii) if the violation is a continuing one, a time period

² Revised 4/19/2005

of not less than ten (10) days during which the violation may be abated without further sanction (or such shorter time or no time as may be provided in the applicable rule); or if such violation is not a continuing one, a statement that any additional similar violation may result in the imposition of a sanction after notice and hearing.

4.12.18.2 Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Executive Board or its delegate will serve the violator with written notice of a hearing to be held by the Executive Board. The notice will contain the following: (i) the nature of the alleged violation, (ii) the time and place of the hearing, which time will not be less than ten (10) days from the giving of the notice, (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on the Owner's behalf, and (iv) the proposed sanction to be imposed.

4.12.18.3 Hearing. The hearing will be held pursuant to the notice, affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction under these Bylaws, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement will be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. Written and oral evidence may be presented. The presenting party will provide copies of any written evidence to the other party or parties. The decision of the Executive Board will be final.

4.12.18.4 Appeal. The Executive Board may, in its sole discretion, appoint a Hearing Committee to hear the matter. In such event, the above procedure will apply except that either party may appeal the decision of the Hearing Committee to the Executive Board by written notice to the Hearing Committee, the other party and the Executive Board. The Executive Board will consider the minutes of the hearing and report the decision of the Executive Board within a reasonable period of time not exceeding sixty (60) days after receipt of the notice. The decision of the Executive Board will be final.

The procedures described in this Subsection shall not be necessary in order for the Executive Board to impose any sanction or penalty for nonpayment of a delinquent Assessment.

4.12.19 In general, to perform all other acts permitted under the Act, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the proper governance and operation of the Association, all in accordance with the Declaration.

Section 4.13 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 Section 4.12 above 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. The Managing Agent shall be obligated to

maintain (i) fidelity insurance coverage or a bond in an amount not less than \$50,000 or such higher amount as the Executive Board may designate, and (ii) all funds and accounts of the Association separate from the funds and accounts of any other associations managed by the Managing Agent.

Section 4.14 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 reasonable transportation, meals, and lodging expenses for attendance at any regular or special meeting of the Executive Board or for other actual expenses incurred in connection with the performance of his 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, Treasurer and such other officers as the Executive Board may from time to time by resolution create. 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 unless such officer shall sooner resign, or shall 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 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 replaces.

Section 5.7 Multiple Offices. Any two or more offices may be held by the same person.

Section 5.8 Duties. The duties of the officers are as follows:

5.8.1 President. The President shall: preside at all meetings designated for all Association members and the Executive Board; see that orders and resolutions of the Executive Board are carried out; sign all leases, mortgages, deeds, and other written instruments; co-sign all promissory notes of the Association; prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and exercise and discharge such other duties as may be required of the President by the Executive Board.

5.8.2 Vice-President. The Vice-President shall: act in the place and stead of the President in the event of his absence, inability, or refusal to act; and exercise and discharge such other duties as may be required of the Vice-President by the Executive Board.

5.8.3 Secretary. The Secretary shall: record the votes and keep the minutes of all meetings and proceedings of the members and the Executive Board; keep the corporate stamp or seal of the Association and place it on all papers requiring said stamp or seal; serve notice of meetings of the Executive Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; and perform such other duties as required by the Executive Board.

5.8.4 Treasurer. The Treasurer shall: receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; co-sign all promissory notes of the Association; sign all checks of the Association unless the Executive Board specifically directs otherwise; keep proper books of account; at the direction of the Executive Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE 6 INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the extent permitted by the Colorado Revised Nonprofit Corporation Act and governing law, and consistent with the articles of incorporation of the Association, the Association shall indemnify every Director, officer, employee and agent of the Association and every person who serves at the request of the Association as a manager, director, officer, 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 or incurred by such person in any such capacity or arising out of that person's capacity as such. The indemnification permitted under this Article shall not extend, in any event, to any act or omission occurring prior to the date of incorporation of the Association.

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 has not been guilty of such actions or omissions in the performance of such person's duties for the Association. The foregoing rights shall not be exclusive of other rights to which such Director or officer or other person may be entitled. 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.

ARTICLE 7 BYLAWS

Section 7.1 Amendments. These Bylaws may be amended by action of the Executive Board at a regular or special meeting of the Executive Board or by the Members at a regular or special meeting thereof by a majority of votes of members of each of the classes of Residential Unit Members and Commercial Unit Members present at such meeting for which a quorum exists for each such class. No amendment shall serve to shorten the term of any Director, impair the rights of a membership classification without approval of that classification, conflict with the Act or delete any provision which must be contained in these Bylaws under the terms of the Act, or conflict with the articles of incorporation of the Association or the Declaration.

Section 7.2 Compliance With the Act. These Bylaws are intended to comply with the requirements of the Act. If any of these Bylaws conflict with the provisions of the Act, the provisions of the Act will govern the Association.

Section 7.3 Conflict Between Documents. In the case of any conflict between the articles of incorporation of the Association and these Bylaws, the articles shall control; and in the case of any conflict between the Declaration and these Bylaws or the articles of incorporation of the Association, the Declaration shall control.

ARTICLE 8 SERVICES

The Association, whether through all Owners or through a class of Owners or through a Managing Agent, shall initially provide, among others, the following services relating to the administration and operation of the Association and Eagle Ranch, funded through the related payments outlined below from regular, annual Assessments, which may be amended or supplemented from time to time by the procedures set forth in the Declaration:

8.1.1.1 administrative payroll;

8.1.1.2 accounting services;

8.1.1.3 provision of office supplies;

8.1.1.4 provision of maintenance supplies;

8.1.1.5 legal services;

8.1.1.6 electricity service for the Common Area, including area lighting;

8.1.1.7 trash removal for the Common Area;

8.1.1.8 payment of reimbursable expenses of the Executive Board;

8.1.1.9 maintenance of insurance for Common Area, and other insurance specified in the Declaration;

8.1.1.10 establishment of a reserve fund for maintenance, repair, and replacement of the Common Area as required by the Declaration;

8.1.1.11 administration of the transfer Assessments as set forth in the Declaration; and

8.1.1.12 such other services as are described in the Declaration or other Association Documents.

ARTICLE 9 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 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 of the Association or Director. The foregoing, however, shall neither prevent nor restrict the following: (1) reasonable compensation may be paid to any member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, (2) any member or Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and (3) the distribution of any proceeds of insurance or from condemnation or the sale of Eagle Ranch as described in the Declaration.

ARTICLE 10 OBLIGATIONS OF THE OWNERS

Section 10.1 Assessments. Except as otherwise provided in the Declaration, all Owners shall be obligated to pay the Assessments imposed by the Association to meet the Common Expenses and such other expenses as set forth in the Declaration. Unless otherwise determined by the Association, the annual Assessments, and any special Assessments which are to be paid in periodic installments, shall be paid periodically in advance and shall be due and payable to the Association at its principal office, or as the Association may otherwise direct in any Management Agreement, without notice (except as otherwise required by the Declaration), on the first day of the payment period. A member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of members, within the meaning of these Bylaws, if, and only if, he shall have fully paid all Assessments made or levied against him and the Unit owned by him.

Section 10.2 Registration of Mailing Address. All Owners of each Unit shall have one and the same registered mailing address to be used by the Association for mailing of notices,

demands, and all other communications; and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or such combination thereof to be used by the Association. Such registered address of a Unit Owner or Owners shall be furnished by such Owners to the secretary of the Association within five days after transfer of title; and such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interests of all Owners thereof. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Unit which is signed by less than all of the Owners of such Unit. If the Unit is the registered address of the Owners, then any notice shall have been deemed to be duly given if it is delivered to any person occupying that Unit or, if such Unit is unoccupied, if the notice is held and available for the Owners at the principal office of the Association. The registered address may be changed from time to time by designation in accordance with this Section.

Section 10.3 Use of Common Area. Each Owner shall use the Common Area in accordance with the purpose for which it is intended without hindering or encroaching upon the lawful rights of the other Owners.

Section 10.4 Assessments, Debts, and Other Obligations By Unit Owner. The Assessments, debts, and other obligations assumed by the Owner include the following:

10.4.1 The duty of Owners as set forth in the Declaration to reimburse the Association for repair or replacement of Common Area when such repair or replacement is occasioned by the negligent or willful act or omission of said Owner, his family members, employees, guests, or invitees.

10.4.2 The duty to pay all annual, special, transfer and default Assessments provided for and governed by Article 5 of the Declaration and levied for any purpose authorized by the Declaration.

10.4.3 The burdens imposed by the easements set forth in Article 7 of the Declaration.

10.4.4 The duty to adhere to and comply with all use restrictions of Article 8 of the Declaration.

10.4.5 The responsibility for each Owner to obtain insurance related to his Unit provided for in Article 9 of the Declaration.

10.4.6 The duty to pay any separately metered or assessed utility costs and ad valorem taxes and special assessments levied by the State of Colorado or any political subdivision thereof on an Owner's Unit.

10.4.7 The duty to indemnify and hold harmless each of the other Owners and the Association, pursuant to Article 10 of the Declaration, from any liability arising from the claim of any mechanics' liens against an Owner's Unit or against the Common Area.

10.4.8 The obligation to submit to the appointment of the Association as attorney-in-fact for purposes of dealing with Eagle Ranch upon its damage, destruction, or obsolescence as provided in the Declaration.

10.4.9 The restrictions, limitations, and prohibitions relative to partitioning, severing ownership interests in the Common Area, and leasing Units as set forth in the Declaration.

10.4.10 Such other duties and obligations as may be imposed under the Declaration or these Bylaws and other Association Documents.

ARTICLE 11 COMMITTEES

The Executive Board of the Association may appoint such committees as deemed appropriate in carrying out its purposes, including without limitation, the appointment of certain members of the Eagle Ranch Wildlife Protection Board as further described in the Declaration and a committee to supervise the maintenance, repair or replacement of the Common Area.

ARTICLE 12 BOOKS AND RECORDS; STATEMENT OF ACCOUNT

Section 12.1 Inspection. The records of receipts and expenditures of the Executive Board and other books, records and papers of the Association, including the Declaration, the articles of incorporation, and these Bylaws of the Association, as well as any Management Agreement and any rules and regulations of the Association, shall be available for inspection during convenient weekday business hours by the Owners and their lenders and to holders, insurers or guarantors of First Mortgages at the principal office of the Association, where copies may be purchased at a reasonable cost.

Section 12.2 Statement of Account. Upon fourteen (14) days' prior written notice to the relevant Managing Agent, if any, or to the Executive Board, and payment of a reasonable fee, any Owner shall be furnished a statement of the Owner's account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner, together with such other information available pursuant to Section 5.15 of the Declaration.

ARTICLE 13 CORPORATE SEAL

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

**ARTICLE 14
FISCAL YEAR**

The fiscal year of the Association shall begin on a date to be determined by action of the Executive Board, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Eagle Ranch Association, a Colorado nonprofit corporation; and

That the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by written action of the Executive Board and of the sole Member of the Association, to be effective as of the 14th day of April, 1999.

Dated: April 14, 1999.

J.J. Collins, Secretary