

BY-LAWS**CUCHARA PASS RANCH PROPERTY OWNERS' ASSOCIATION, INC.****Article I. OFFICES**

The name of the corporation is Cuchara Pass Ranch Property Owners' Association, Inc., a Colorado non-profit corporation, hereinafter referred to as the "Association". The principal office of the Association in the State of Colorado shall be in the office of General Business Services, P.O. Box 1097, La Veta, CO 81055, County of Huerfano. The corporation may have such other offices, either within or without of the State of Colorado, as the Board of Directors may designate or as the business of the Association may require from time to time.

Article II. MEMBERS

SECTION 1. MEMBERS. All parties who purchase a parcel or parcels in that certain real estate known as Cuchara Pass Ranch subject to the Declaration of Protective Covenants recorded at reception #603140 in the records of the Clerk and Recorder of Las Animas county, Colorado, on October 15, 1993, or at reception # _____ in the records of the Clerk and Recorder of Huerfano county, Colorado, on _____, automatically become Members of the Cuchara Pass Ranch Property Owners' Association.

SECTION 2. Annual Meeting. The date of the annual meeting of the Members shall be determined by the Board of Directors. The purpose of the meeting shall be to elect Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

SECTION 3. Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of not less than ten percent of all the Members of the Association.

SECTION 4. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Colorado unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

SECTION 5. Notice of Meeting. Written notice stating the place, day and hour of the meeting, and, in case of special meetings, the purpose or purposes for which the meeting is called, shall unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary or the persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid, but if three successive letters mailed to the last known address of any Member of record are returned as undeliverable, no further notices to such Member shall be necessary until another address for such Member is made known to the Association.

SECTION 6. Quorum. A majority of the Members of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members. If less than a majority of the Members are present or represented at a meeting, a majority of the Members so represented may adjourn the meeting. If, after adjournment, the arrival of enough Members to constitute a quorum occurs, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a meeting at which a quorum shall be present or represented may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

SECTION 7. Majority of Quorum. Unless otherwise expressly provided in these By-Laws or the Declaration of Protective Covenants, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

Ownership of one lot entitles said owner to one vote when determining a quorum. Thus, to have a quorum, owners of 22 of the 43 lots in Cuchara Pass Ranch must be represented.

SECTION 8. Proxies. At all meetings of Members, a Member may vote in person or by proxy executed in writing by said Member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Interest(s) held by a personal representative, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such membership into his name. Membership standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote a membership held by him without a transfer of such membership into his name.

SECTION 9. Informal Action by Members. In the event of a Board of Directors or individual Member sponsored proposal requiring a vote by the general membership, the Secretary of the Association shall notify each Member, by United States mail, of said proposal, and shall include a proxy asking said Member to vote in favor of or against the proposal. Such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid. Failure on the part of a voting Member to complete and return said proxy to the Secretary of the Association within 30 days shall be considered a vote in favor of the proposal.

Article III. BOARD OF DIRECTORS

SECTION 1. Powers and Duties. The business and affairs of the Association shall be managed by its Board of Directors. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. Such powers and duties of the Board shall include, but shall not be limited to, the following, all of which shall be done for and on behalf of the Owners of the Parcels:

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, the By-Laws of the Association and supplements and amendments thereto;
- (b) To establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of all of the Parcels with the right to amend the same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Member upon the adoption thereof;
- (c) To incur such costs and expenses as may be necessary to keep in good order,

condition and repair all of the areas in the Property required to be maintained by the Association;

(d) To obtain and maintain all insurance required or permitted under the Declaration or otherwise deemed advisable by the Association;

(e) To prepare a budget for the Association in the manner set forth in the Declaration to determine the amount of the expense assessments payable by the Owners to meet the expenses of the Property, and allocate and assess such expenses among the Owners as set forth in the Declaration and to adjust, decrease or increase the amount of the expense assessments and to levy and collect special assessments;

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from a Member as is provided in the Declaration and these By-Laws. The Board shall have the duty, rights, power and authority to suspend the voting rights of any Member in the event that any assessment made remains unpaid more than 30 days from the due date for payment of it. Such rights may also be suspended for a period not to exceed 60 days for infraction of published rules and regulations of the Association;

(g) To borrow funds to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these By-Laws, and to execute all such instruments evidencing such indebtedness as the Board may deem necessary and, upon the written consent of the Members entitled to vote, to give security therefor. Such indebtedness shall be the several obligations of all of the Members in the manner set forth in the Declaration. The Persons who shall be authorized to execute promissory notes and security instruments on behalf of the Association shall be the President or Vice President and Secretary or Assistant Secretary;

(h) To enter into contracts to carry out their duties and powers and to hire and fire all personnel necessary for the operation, maintenance, repair and replacement of the areas for which the Association is responsible under the Declaration;

(i) To establish a bank account or accounts for the treasury and for all separate funds of the Association that are required or may be deemed advisable;

(j) To make repairs, additions, alterations and improvements to the areas required to be maintained by the Association;

(k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to allow examination thereof at any reasonable time by each Member and First Mortgagees of Parcels, and to cause a certified public accountant to prepare a compilation or review financial statement of the books and records of the Association at the end of each fiscal year. At the option of the Board, an annual review or audited financial statement may be required;

(l) To prepare and deliver annually to each Member the reports prepared under subsection (k) above;

(m) To meet at least annually;

(n) To supervise all officers, agents and employees of this Association, and to see that their duties are properly done;

(o) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual expense assessment against each Parcel;

(aa) **DUES.** All parcels within Cuchara Pass Ranch shall be subject to assessment for Association dues, in an amount to be determined by the Association. As provided in the Protective Covenants, dues assessments may be increased only by majority vote of members of the Association. In no event shall dues assessments exceed \$295 per year, except that this amount may be increased by the greater of 12% per annum or the percentage increase, if any, in the "Consumer Price Index - All Urban Consumers" for Denver, Colorado, between January 1 of the year in question and of the preceding year. Any increase in Association dues will also require written assurance that any such increase will not cause additional regulatory or other requirements to be imposed upon the Association, Declarant or any property owner.

(bb) **Special Assessments.** The Board of Directors may, in order to ensure the safety of Cuchara Pass Ranch and its property owners, and, to protect and enhance the value of Cuchara Pass Ranch, propose special assessments when needed. Such a special assessment would require approval of a majority of the Members of the Association. Ideally, such an assessment proposal would be considered at the Annual Meeting, thereby providing an opportunity for open discussion. However, if time constraints do not permit waiting until the next Annual Meeting, said proposal may be made in writing to all Members of the Association. Such proposal shall be considered made when deposited in the United States mail with postage thereon prepaid. Responsibility for advising the Secretary of the Association of any change of address lies with the lot owner(s).

(2) Send written notice of each annual expense assessment to every Owner subject thereto in the manner and at the times set forth in the Declaration [See Article III, Section 1, part (o) (1) (bb)]; and

(3) Foreclose the lien against any Parcel for which assessments are not paid within 90 days after the due date or bring an action at law against the Owner personally obligated to pay the same;

(p) Subject to the provisions of the Declaration: to issue or to cause an appropriate officer to issue, upon demand by a person, a certificate setting forth whether any assessment has been paid; a reasonable charge may be made by the Board of Directors for the issuance of these certificates; if a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment to that person who relies thereon to his detriment;

(q) To cause all officers and employees having fiscal responsibilities to be bonded, if and as it may deem appropriate;

(r) Employ the services of a manager or managing agent, or both, and such independent contractors or other employees as they deem necessary, and delegate any of their duties to such persons; provided, however, when so delegated, the Board of Directors shall not be relieved of its responsibilities under the Declaration, the Articles of Incorporation or these By-Laws; and

(s) To alter, amend or repeal these By-Laws and adopt new By-Laws at any regular or special meeting of the Board of Directors, subject to the rights of Members to repeal or amend By-Laws by a majority vote.

(t) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable to carry out the governing and the operation of the Property.

SECTION 2. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Articles of Incorporation, these By-Laws or the Rules and Regulations adopted pursuant hereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board or the managing agent shall have the right to enforce the same thereafter.

SECTION 3. Number, Tenure and Qualifications. The number of Directors of the Association shall consist of no less than three nor more than ten Members of the Cuchara Pass Ranch Property Owners' Association. The number of Directors shall be set at any special or annual meeting of Members. Each Director shall hold office for a term of three years, with one third of the Directors rotating off of the Board each year, on the date of the Annual Meeting, thus guaranteeing continuity of leadership. For exceptions to length of term refer to Article III, SECTION 11, Vacancies.

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide, by resolution, fix the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for holding any special meeting of the Board of Directors called by them.

SECTION 6. Telephone Meetings. Members of the Board of Directors or any committee designated by the Board may participate in any meeting of the Board or Committee by means of 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 7. Notice. Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally or mailed to each Director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Notice may also be given by direct telephone conversation. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where 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.

SECTION 8. Quorum. A majority of the number of Directors fixed by Section 3 of this Article III. shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 9. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 10. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken shall be signed by all of the Directors.

SECTION 11. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of Directors by the Members.

SECTION 12. Compensation. Members of the Board of Directors shall serve without compensation.

SECTION 13. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action or any Association matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association within five working days of the date of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Article IV. OFFICERS

SECTION 1. Number. The officers of the Association shall be a President, a Vice-President, if elected by the Board of Directors, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors.

Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. The officers of the Association shall be natural persons of the age of eighteen years or older.

SECTION 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members and of the Board of Directors, unless a different Chairman has been otherwise designated or elected. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice-President. In the absence of the President or in the event of death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Treasurer. The Treasurer may (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these By-Laws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of these duties in such sum and with such surety or sureties as the Board of Directors shall determine.

OR

In the event that the Board of Directors deems it prudent to hire an outside agent to perform the duties of Treasurer, the Treasurer shall have oversight of all of the Treasurer's duties performed by said agent.

SECTION 9. Salaries. The officers of the Board of Directors of the Association shall serve without monetary compensation.

Article V. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings institutions, trust companies or other depositories as the Board of Directors may select.

Article VI. FISCAL YEAR

The fiscal year of the Association shall begin on January 1, and end on December 31 in each year.

Article VII. CORPORATE SEAL

The Board of Directors shall provide an Association seal which shall be either circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the word "Seal", or shall be a rubber seal in substantially the same form as provided above.

Article VIII. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Member or Director of the Association under the provisions of these By-Laws or under the provisions of the Colorado Corporation Code, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article IX. AMENDMENTS

These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors, subject to the rights of Members to repeal or amend By-Laws as provided by law.