

BYLAWS

OF

R. R. HOMEOWNERS' ASSOCIATION

The name of the corporation is R. R. Homeowners' Association and is hereinafter referred to as the Association.

SECTION 1 Object

1.1 The purpose for which this Association is formed is to govern the property situated in Eagle County, State of Colorado, known as River Ranch, a Subdivision according to the recorded plat thereof at ~~Plat~~ Book 518 at Page 122 and according to the Declarations therefor recorded at Book 518 at Page 121 of the records of Eagle County, Colorado and which property has been submitted to the provisions of a Declaration entitled Declaration of Protective Covenants for River Ranch Subdivision which declaration is hereinafter referred to as the Declaration.

1.2 All present or future owners, tenants, future tenants or any other person owning or using the facilities of the project in any manner are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of lots or residences located thereon (hereinafter referred to as lots) of the project or the mere act of occupancy of any of the lots will signify that these Bylaws are accepted, ratified and will be complied with.

SECTION 2

Membership, Voting, Majority of Owners, Quorum, Proxies

2.1 Members. Membership in the Association shall consist of the following:

a. Any person acquiring an interest in the real property other than a mortgagee, beneficiary under trust deeds or as a lien claimant shall automatically become a member of this Association. On the sale or transfer of a lot by an owner, his membership shall terminate.

b. The Declarant under the Declaration or its successors or assigns, for so long as it is an owner of any lot(s) in the project.

2.2 The voting shall be as provided for in the Declaration and in the Articles of Incorporation of the Association.

2.3 Majority of Lot Owners. As used in these Bylaws, the term "majority of lot owners" shall mean more than fifty percent (50%) of the owners of the lots. As used in this paragraph, each lot shall be deemed to have one (1) owner.

2.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of more than one-half (1/2) of the votes of the membership of the Association shall constitute a quorum. An affirmative vote of a majority of the votes entitled to be cast at a meeting, determined by the presence of the voters or by proxy, shall be required to transact business.

2.5 Proxies. Votes may be cast in person or by proxy. Proxies shall be in writing and the signatures must be witnessed and acknowledged. Proxies must be filed with the secretary before the appointed time of each meeting.

SECTION 3 Administration, Meetings of Members

3.1 Association Responsibilities. The owners of the lots will constitute the Association, which will have the responsibility of administering the project through its board of trustees.

3.2 Place of Meetings. Meetings of the Association shall be held at such place as the board of trustees may determine.

3.3 Annual Meetings. The annual meeting of the Association shall be held on the 1st day of June of each year. At such meetings there shall be elected by ballot of the owners a board of trustees in accordance with the requirements of Section 4.5 of these Bylaws subject to Declarant's right to appoint the Board as set forth in the Declarations. The owners may also transact such other business of the Association as may properly come before them.

3.4 Special Meetings. The president shall call a special meeting of the owners when so directed by resolution of the board of trustees or on presentation to the secretary of a petition signed by a majority of the owners. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths (3/4) of the lot owners either in person or by proxy.

3.5 Notices. Notices of annual and special meetings shall be given by the president or secretary of the Association by regular mail addressed to the registered addresses of the owners of the lots at least fifteen (15) days prior to the date set for such meeting. Any such notice shall state the date, time and place of the meeting and, if the meeting is a special meeting, the purposes thereof. Waiver of notice, either in person or by proxy and signed either before, at or after any meeting, shall be a valid substitute for service. The certificate of the president or secretary that notice was duly given shall be prima facie evidence thereof.

3.6 Adjourned Meeting. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

3.7 Order of Business. The order of business at all meetings of the owners of lots shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of trustees.
- g. Unfinished business.
- h. New business.

SECTION 4

Board of Trustees (Powers and Meetings)

4.1 Number and Qualification. The affairs of this Association shall be governed by a board of trustees composed of three (3) persons. A corporation or partnership which is a member may designate one of its officers or partners to serve as a trustee if so elected or appointed to the Board.

4.2 Powers and Duties. The board of trustees 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 project.

4.3 Other Powers and Duties. The board of trustees shall be empowered and shall have the following duties.

a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

b. To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of this project with the right to amend same from time to time.

c. To keep or cause to be kept in good order, condition and repair all of the common areas and all items of common personal property, if any.

d. To insure and keep in force insurance required to be carried by the Association as provided in the Declarations.

e. To fix, determine, levy and collect the quarterly prorated assessments to be paid by each of the owners toward the gross expenses of the entire premises and by majority vote of the board to adjust, decrease or increase the amount of the quarterly assessments. To levy and collect special assessments whenever in the opinion of the 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. All quarterly or other assessments shall be mailed to the registered mailing address of the owner not later than on the first day of each quarter.

f. To set aside from time to time those sums it deems expedient as a reserve fund to meet contingencies for maintaining any property of the Association and for any other Association purposes.

g. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these Bylaws.

h. To protect and defend the entire premises from loss and damage by suit or otherwise.

i. To borrow funds only when so authorized by seventy-five percent (75%) written consent and authority of the lot owners and, when so authorized to execute all such instruments evidencing such indebtedness as is expressly authorized. Any such authorized indebtedness shall be the several obligation of all of the lot owners only in the same proportion as their voting interest in the Association. Additional liens, other than judgment liens, mechanic's liens, assessments liens or tax liens, may be obtained against existing common areas only when so authorized by seventy-five percent (75%) written consent and authority of the lot owners or when so authorized by unanimous consent of the Board of Trustees and one hundred percent (100%) of the first mortgagees of record.

j. To enter into contracts within the scope of their duties and powers. ed to the duties listed in Section 4.3 hereof; however, the board of trustees, when so delegating, shall not be relieved of its responsibility under the Declaration. Any management agreement shall be subject to the terms of the Declaration.

4.5 Election and Term of Office. Subject to Declarant's rights to appoint the Board set forth in the Declarations, at the organizational meeting of the Association, the initial trustees of the corporation shall be elected for a term which will expire on the first annual meeting of the Association. At each annual meeting, a board of trustees shall be elected by and from the lot owners for a term of one (1) year; and they shall serve until their successors have been elected and hold their first meeting.

4.6 Vacancies. Vacancies in the board of trustees by any reason other than the removal of a trustee by a vote of the Association shall be filled by vote of the majority of the remaining trustees, even though they may constitute less than a quorum; and each person so elected shall be a trustee until a successor is elected in the next annual meeting of the Association.

4.7 Removal of Trustees. Subject to Declarant's rights to appoint the Board set forth in the Declarations, at any regular meeting or at any special meeting called for that purpose, any one (1) or more of the trustees may be removed with or without cause by a majority of all of the lot owners; and a successor then and there may be elected to fill the vacancy thus created. Any trustee whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

4.8 Organization Meeting. The first meeting of a newly elected board of trustees shall be held within ten (10) days of election at such place as shall be fixed by the trustees at the meeting at which such trustees were elected; and no notice shall be necessary to the newly elected trustees in order legally to institute such meeting, providing a majority of the whole board shall be present.

4.9 Regular Meetings. Regular meetings of the board of trustees may be held at such time and place as shall be determined from time to time by a majority of the trustees, and at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the board of trustees shall be given to each trustee personally or by mail, telephone or telegraph at least three (3) days prior to the day named for such meeting.

4.10 Special Meetings. Special meetings of the board of trustees may be called by the president on three (3) days notice to each trustee given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the board of trustees shall be called by the president or secretary in like manner and on like notice on the written request of at least two (2) trustees.

4.11 Waiver of Notice. Before, at or after any meeting of the board of trustees, any trustee may, in writing, waive notice of such meeting; and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a trustee at any meeting of the board shall be a waiver of notice by him of the time and place thereof. If all the trustees are present at any meeting of the board, no notice shall be required; and any business may be transacted at such meeting.

4.12 Quorum. At all meetings of the board of trustees, a majority thereof shall constitute a quorum for the transaction of

business; and the acts of the majority of the trustees present at a meeting at which a quorum is present shall be the acts of the board of trustees. If, at any meeting of the board of trustees, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.13 Fidelity Bonds. The board of trustees may require that all officers and employees of the Association handling or responsible for the Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

SECTION 5 Officers

5.1 Designation. The officers of the Association shall be a president, a vice president, a secretary and a treasurer, all of whom shall be elected by and from the board of trustees.

5.2 Election of Officers. The officers of the Association shall be elected annually by the board of trustees at the organizational meeting of each new board and shall hold office at the pleasure of the board. One (1) person may hold concurrently any two (2) offices except president and secretary. The office of vice president need not be filled.

5.3 Removal of Officers. On an affirmative vote of a majority of the members of the board of trustees, any officer may be removed with or without cause and his successor elected at any regular meeting of the board or at any special meeting of the board called for such purpose.

5.4 President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the board of trustees. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation including and not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5.5 Vice President. The vice president shall have all the powers and authority and perform all of the functions and duties of the president, in the absence of the president and his inability for any reason to exercise such powers and functions or perform such duties.

5.6 Secretary. The secretary shall keep the minutes of meetings of the board of trustees and minutes of the Association; he shall have charge of such books and papers as the board of trustees may direct; and he shall, in general, perform all the duties incident to the office of secretary. The secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their registered mailing addresses. Such list shall also show opposite each member's name the number or other appropriate designation of the lot owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

5.7 Treasurer. The treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the board of trustees.

SECTION 6 Indemnification of Officers and Trustees

The Association shall indemnify every trustee or officer, his heirs, executors and administrators against all loss, costs and expense, including attorney's fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a trustee or officer of the Association, except as to matters to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. 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 gross negligence or willful misconduct in the performance of his duty as such trustee or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such trustee or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses provided, however, that nothing contained in this Section 6 shall be deemed to obligate the Association to indemnify any member or owner of a lot who is or has been a trustee or officer of the Association for his share of such common expenses.

SECTION 7
Obligation of the Owners

7.1 Assessments. Except as otherwise provided in the Declaration, all owners shall be obligated to pay the quarterly assessments imposed by the Association to meet the common expenses; and payment thereof shall be made not later than on the tenth day following the mailing of the quarterly statement to the registered mailing address of the owner. The assessments shall be made equally on each lot and shall be due quarterly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or at a 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 lot owned by him.

7.2 General.

a. Each owner shall comply strictly with the provisions of the Declaration.

b. Each owner shall always endeavor to observe and promote the cooperative purposes for which the project was established.

7.3 Use of Common Areas. Each owner may use the common areas in accordance with the purposes for which they are intended so long as this use does not hinder or encroach on the lawful rights of the other owners.

7.4 Rules and Regulations. In addition to those set forth in the Declarations, the board of trustees or the managing agent reserves the power to establish, make and enforce compliance with such additional rules as may be necessary for the operation, use and occupancy of this project with the right to amend same from time to time.

SECTION 8
Amendments

These Bylaws may be amended by the Association members at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by two-thirds (2/3) of the owners. The notice of such meeting shall contain a summary of the proposed changes or a copy of such proposed changes provided, however, as long as the Declarant is in control of the selection of the board of trustees of the Association as provided for in the Declaration, the Declarant may amend these Bylaws so long as a copy of any change is mailed to the registered address of each owner. These Bylaws may also be amended by a two-thirds (2/3) vote of the Board of Trustees.

SECTION 9
Mortgages

9.1 Notice to Association. An owner who mortgages his lot shall notify the Association through the managing agent, if any, or the president of the Association, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots."

9.2 Notice of Unpaid Assessments. The Association shall at the written request of the first mortgagee of a lot report any unpaid assessments due from the owner of such lot.

SECTION 10
Evidence of Ownership, Registration
of Mailing Address and Required Proxies

10.1 Proof of Ownership. Any person on becoming an owner of a lot shall furnish to the managing agent or board of trustees a photocopy or a certified copy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing or entitled to vote at any annual or at a special meeting of members unless this requirement is first met.

10.2 Registration of Mailing Address. The owners of each lot shall have one (1) and the same registered mailing address to be used by the Association for mailing monthly statements, 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 any combination thereof to be used by the Association. Such registered address of a lot owner or owners shall be furnished by such owners to the secretary within five (5) days after transfer of title, such registration shall be in written form and signed by all of the owners of the lot or by such persons as are authorized by law to represent the interests of all of the owners thereof. If no such address is registered or if all of the owners cannot agree, then the address of the lot shall be the registered address until another registered address is furnished as permitted under this section. Registered addresses may be changed from time to time by similar designation.

10.3 Required Proxies. If title to a lot is held by more than one (1) person or by a firm, corporation, partnership, association or other legal entity or any combination thereof, such owners shall execute a proxy appointing and authorizing one (1) person or alternate persons to attend all annual and special meetings of members and threat to cast whatever vote the owner himself might cast if he were personally present. Such proxy shall

be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law provided, however, that, within thirty (30) days after such revocation, amendment or termination, the owner shall reappoint and authorize one (1) person or alternate persons to attend all annual and special meeting as is provided by this Section 10.3.

10.4 The requirements contained in this Section 10 shall be first met before an owner of a lot shall be deemed in good standing and entitled to vote at any special or annual meeting of members.

SECTION 11 Not for Profit

This Association is not organized for profit. No member, member of the board of trustees or persons from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof; and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to be distributed to or inure to the benefit of any member of the board of trustees provided, however, always (1) that reasonable compensation may be paid to any member or manager while acting as an agent or employee of the Association for the services rendered in effecting one or more of the purposes of the Association and (2) that any member or trustee 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.

SECTION 12 Unpaid Common Expenses - Ascertaining Liability

On payment of a reasonable fee, not to exceed twenty-five dollars (\$25.00), and on the written request of any owner or any mortgagee or prospective mortgagee of a lot, the Association, by its managing agent or, if there is none, by its board of trustees, shall issue a written statement setting forth the amount of the unpaid common expenses, if any, with respect to such lot, the amount of the current monthly assessment and the date such assessment becomes due, credit for advanced payments or for prepaid items, including and not limited to insurance premiums, which statement shall be conclusive on the Association in favor of all persons who rely thereon in good faith. Unless the request for such statement is complied with within thirty (30) days, all unpaid common expenses which become due prior to the date of making such request shall be subordinate to the lien of the person requesting such statement.

SECTION 13
Recreational Facilities

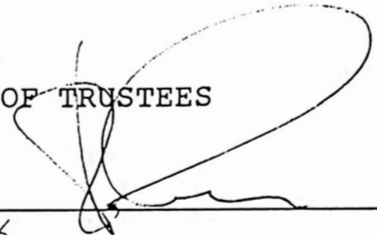
Any major recreational facilities of the project shall be available to all lot owners. Fees or charges in conjunction with the use, maintenance and upkeep of these facilities shall be included within the regular assessment.

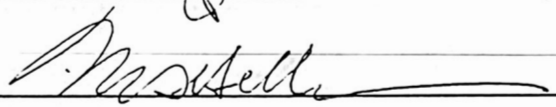
SECTION 14
Seal

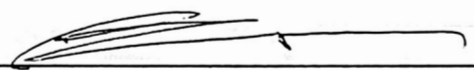
The corporate seal shall consist of concentric circles with the name of the corporation and the word "Colorado" between and the word "Seal" in the center.

IN WITNESS WHEREOF, the undersigned have adopted these Bylaws this 4 day of JANUARY, 1991.

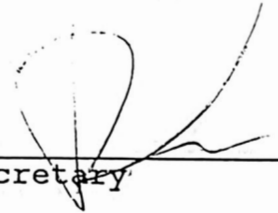
BOARD OF TRUSTEES







The undersigned Secretary of R. R. Homeowners Association, a Colorado non-profit corporation, does hereby certify that the above and foregoing Bylaws were duly adopted by the Board of Trustees as the Bylaws of the corporation on the 4th day of JANUARY, 1991, and that they do now constitute the Bylaws of the corporation.



Secretary

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