

**CROWLEY RANCH RESERVE
OWNERS' ASSOCIATION
BY-LAWS**

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ARTICLE I

OFFICES

Section 1 **PRINCIPAL OFFICE.** The principal office of the corporation in the State of Colorado shall be located at the offices of McClendon, Lynch, Wilmer & Associates, CPA, 482 Lewis Street, Pagosa Springs, Colorado 81147.

Section 2 **ADDITIONAL OFFICES.** The corporation may have additional offices at such places as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEMBERS

Section 1. **MEMBERSHIP.** The members of the corporation shall be composed of the owners of lots of Crowley Ranch Reserve, their heirs, administrators, executors and assigns. No member shall receive any compensation for his services as such.

Section 2. **PLACE OF MEETINGS.** All meetings of Members shall be held at the principal office of the corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 3. **ANNUAL MEETING.** An annual meeting of the Members for the election of directors and the transaction of any business within the powers of the corporation shall be held during the month of July in each year on a date and at the time set by the Board of Directors, beginning with the year 1994.

Section 4. **SPECIAL MEETINGS.** The President or Board of Directors may call special meetings of the Members. Special meetings of Members shall also be called by the secretary upon the written request of a majority of the entire Membership. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such Members of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the corporation of such costs, the secretary shall give notice stating the purpose or purposes of the meeting to all Members.

Section 5. **NOTICE.** Not less than ten nor more than 90 days before each meeting of Members, the secretary shall give to each Member written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by

statute, the purpose for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the Member at his post office address as it appears on the records of the corporation, with postage thereon prepaid.

Section 6. SCOPE OF NOTICE. No business shall be transacted at a special meeting of Members except that is specifically designated in the notice. Any business of the corporation may be transacted at the annual meeting without being specifically designated in the notice, except such business as is required by statute to be stated in such notice.

Section 7. QUORUM. At any meeting of Members, the presence in person or by proxy of Members entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting for the Members, the Members entitled to vote at such meeting, present in person or by proxy, shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting until such quorum shall be present. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. QUORUM AND VOTING- SPECIAL PROVISIONS. If the number of Members present at a properly called meeting of the Members of the corporation is insufficient to approve a proposed action, another meeting of the Members may be called for the same purpose. Fifteen days written notice of the time, place, and purpose of the additional meeting shall be given. The notice shall contain the quorum and voting provisions to be in effect at the additional meeting which shall be as follows: the Members present in person or by proxy shall constitute a quorum. A majority of the Members present in person or by proxy may approve or authorize the proposed action at the additional meeting and may take action, including the removal of Members or Directors, which could have been taken at the original meeting had a sufficient number of Members been present.

Section 9. VOTING. A plurality of all the votes cast at a meeting of Members duly called and at which a quorum is present shall be sufficient to elect a Director. A majority of the votes cast at a meeting of Members duly called and at which a quorum is present shall be

sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter. Unless otherwise provided in the charter, each Member shall be entitled to cast one vote on each matter submitted to a vote at a meeting of Members. In the event that the secretary of the corporation shall submit to the Members by delivery of notice in the manner provided for in Section 5 of this Article any proposal upon which the Members are required or permitted by law to act, including a proposal for the election of Directors, the Members shall have the right to vote on such proposal by mail according to such procedures as the secretary of the corporation shall prescribe in such notice.

Section 10. PROXIES. At the meeting of the Members, every Member shall be entitled to vote in person or by proxy. If by proxy, such proxy shall be in writing, shall be dated and executed by the Member or his duly authorized attorney-in-fact, but no proxy which is dated more than eleven months before the meeting at which it is offered shall be accepted, unless such proxy shall, on its face name a longer period for which it is to remain in force.

Section 11. INFORMAL ACTION BY MEMBERS. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if a consent in writing, setting forth such action, is signed by a majority of the Members entitled to vote on the subject matter thereof,

Section 12. VOTING BY BALLOT. Voting on any question or in any election may be via voice unless the presiding officer shall order or any Member shall demand that voting be by ballot.

Section 13. NOMINATION FOR BOARD OF DIRECTORS. Nominations may be made from the floor or by written ballot at the annual meeting. At the discretion of the Board, nominations may also be made by a written ballot that will be sent to all members not less than 45 days prior to the annual meeting.

Section 14. REMOVAL OF MEMBERS. At any meeting of the Members duly called, any Member may be removed, with or without cause, by a majority vote of the entire membership. Such Member being considered for removal shall not be deemed a Member for purposes of determining the existence of a quorum of Members present in person or by proxy with respect to the removal proceedings.

ARTICLE III

DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. The number of Directors of the corporation shall be not less than three. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors provided that the number thereof shall never be less than three and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. Each director shall hold office until the next annual meeting of Members and until his successor is elected and qualifies.

Section 3. NOMINATIONS FOR DIRECTORS. Nominations for Directors may be made from the floor or by written ballot at the time of the Annual Meeting. In addition, at the discretion of the Board of Directors, blank nominating ballots may be sent to Members no less than 45 days prior to the Annual Meeting.

Section 4. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held prior to the annual meeting of the Members, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Colorado, for the holding of regular meetings of the Board of Directors 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 by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Colorado, as the place for holding any special meeting of the Board of Directors called by them.

Section 6. NOTICE. Notice of any special meeting shall be given by written notice delivered personally, by electronic communication or mailed to each director at his business or residence address. Personally delivered or electronically delivered notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States

mail properly addressed, with postage thereon prepaid. Neither the business to be transacted at, nor the purpose of any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 7. QUORUM. A majority of the entire Board of Directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such number of Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

The Directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough Directors to leave less than a quorum.

Section 8. VOTING. The action of the majority of the Directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 9. TELEPHONE MEETINGS. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. Any vacancy on the Board of Directors for any cause other than an increase in the number of Directors may be filled by a majority vote of the remaining Directors, although such majority is less than a quorum. Any vacancy on the Board of Directors because of an increase in the number of Directors may be filled by a majority vote of the entire Board of Directors. A Director elected by the Board of Directors to fill a vacancy shall serve until the next annual meeting of Members and until his successor is elected and qualifies.

Section 12. COMPENSATION. Directors shall not receive any stated salary for their services as Directors, but, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed to Directors for attendance at each annual, regular or special meeting of the Board of Directors or of any committee thereof; but nothing herein contained

shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefore.

Section 13. **FORFEITURE OF POSITION.** Failure, by a Director, to appear at two consecutive annual membership meetings or annual board meetings shall result in forfeiture of his current board position.

Section 14. **REMOVAL OF DIRECTORS.** The Members may, at any time, remove any Director, with or without cause, by the affirmative vote of a majority of all the votes entitled to be cast on the matter and may elect a successor to fill any resulting vacancy for the balance of the term of the removed director. Any director whose removal is being considered by the Members shall be given an opportunity to be heard at this meeting, however, such Director will not be deemed a Member for purposes of determining the existence of a quorum at the removal proceedings. Voting by proxy shall not be allowed for removal proceedings.

ARTICLE IV COMMITTEES

Section 1. **NUMBER, TENURE AND QUALIFICATIONS.** The Board of Directors may appoint from among its Members an Executive Committee and other committees, composed of two or more Directors, to serve at the pleasure of the Board of Directors.

Section 2. **MEETINGS.** In the absence of any Member of any such committee, the Members thereof present at any meeting, whether or not they constitute a quorum, may appoint a Director to act in the place of such absent Member.

Section 3. **TELEPHONE MEETINGS.** Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 4. **INFORMAL ACTION BY COMMITTEES.** Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting if a consent in writing to such action is signed by each Member of the committee and such written consent is filed with the minutes of proceedings of such committee.

ARTICLE V

OFFICERS

Section 1. **POWERS AND DUTIES.** The officers of the corporation may be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of Members. If the election of officers shall not be held at such meeting such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more officers except president and vice-president may be held by the same person. Election or appointment of an officer or agent shall not of itself create contract rights between the corporation and such officer or agent.

Section 2. **REMOVAL.** Any officer or agent of the corporation may be removed by the Board of Directors if in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person removed.

Section 3. **VACANCIES.** A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. **PRESIDENT.** The President shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs for the corporation. Unless the President is not a member of the Board of Directors, he shall preside at all meetings of the Membership of the Board of Directors and shall be ex officio a member of all committees that may, from time to time, be constituted by the Board of Directors. He may execute any deed, mortgage bond contract or other instrument which the Board of Directors has authorized to be executed except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board from time to time.

Section 5. **VICE-PRESIDENT.** In the absence of the president or in the event of a vacancy in such office, the Vice-President (or in the event there be more than one vice-president, the vice-presidents in the order designated at the time of their election or, in the absence of any

designation, then in the order of their election) 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; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors. The Board of Directors may designate one or more vice-presidents as executive vice president or as vice-president for particular areas of responsibility.

Section 6. SECRETARY. The Secretary shall (a) keep the minutes of the proceedings of the Members, the Board of Directors and committees of the Board in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Byaws or as required by law; (c) be custodian of the corporate records; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the corporation; and (f) in general 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. TREASURER. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

He shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Board of Directors, at the regular meetings of the Board of Directors or whenever they say require it, an account of all his transactions as Treasurer and of the financial condition of the corporation.

If required by the Board of Directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 8. ANNUAL REPORT. The President or other executive officer of the corporation shall prepare or cause to be prepared annually a full and correct statement of the

affairs of the corporation, including a balance sheet and a statement of the results of operations for the preceding fiscal year, which shall be submitted at the annual meeting of the Members and filed within 20 days thereafter at the principal office of the corporation in the State of Colorado.

Section 9. SALARIES. The officers shall receive no compensation for service as officers.

ARTICLE VI

CONTRACTS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may designate. The monies of the corporation shall be deposited in interest bearing accounts or savings certificates at such banks or depositories as may from time to time be designated by the Board of Directors or invested in such bonds, securities or investments as may be authorized by the vote of a majority of the Directors attending any meeting at which a quorum of Directors is present and shall be subject to check as designated by the Board of Directors. Such income may be deposited, pending disposition, in such checking accounts as the Board of Directors may authorize from time to time. Disposition of the principal amount of such deposits or investments may be authorized only by the affirmative vote of the majority for all of the Directors. No funds of the corporation may be distributed except for the purposes, and subject to the restrictions, set forth in the charter.

ARTICLE VII

DETERMINATION OF MEMBERS ENTITLED TO VOTE

Section 1. **FIXING OF RECORD DATE.** The Board of Directors may set, in advance, a record date for the purpose of determining Members entitled to notice of or to vote at any meeting of Members, or in order to make a determination of Members for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall not be more than 90 days, and in the case of a meeting of Members, not less than ten days before the date on which the meeting or particular action requiring such determination of Members is to be held or taken.

If no record date is fixed, (a) the record date for the determination of Members entitled to notice of or to vote at a meeting of Members shall be the close of business on the day on which the notice of meeting is mailed or the 30th day before (b) the record date for the determination of Members for any other purpose shall be at the close of business on the day on which the resolution of the Board of Directors with regard to such matter is adopted.

When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

Section 2. **MEMBERSHIP LEDGER.** The corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original duplicate membership ledger containing the name and address of each Member.

ARTICLE VIII

ASSESSMENTS

Section 1. **ANNUAL BUDGET.** The Board of Directors shall prepare an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year, including salaries, wages payroll taxes, legal and accounting fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, utilities and all other common expenses. The annual budget shall provide for a reserve for contingencies for the year and a reserve for replacements in reasonable amount to be determined by the Board.

Section 2. **SUPPLEMENTAL BUDGET.** In the event that during the course of any year it shall appear to the Board that the monthly assessments determined in accordance with the estimated annual budget for such year are insufficient or inadequate to cover the estimated common expenses for the remainder of such year, then the Board shall prepare and approve a supplemental budget covering the estimated deficiency for the remainder of such year, copies of which supplemental budget shall be furnished to each Member and thereupon a supplemental assessment shall be made to each Member for his proportionate share of such supplemental budget, subject to the limitations of the Declaration.

Section 3. **DELINQUENT ASSESSMENTS.** The Treasurer may assess a penalty monthly on delinquent assessment accounts of Members. The amount shall be determined by the Board of Directors.

Section 4. **LOSS OF VOTING PRIVILEGES.** Members who are delinquent in their assessment payments shall not be eligible to vote at the Annual Meeting. Notice of such loss of privilege shall be sent to the Member at least two weeks prior to the Annual Meeting by the Treasurer. Members may pay delinquent dues immediately prior to the Annual Meeting in order to be eligible to vote.

ARTICLE IX FISCAL YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the corporation by a duly adopted resolution.

ARTICLE X INDEMNIFICATION

To the extent permitted by Colorado law in effect from time to time, the corporation shall defend and indemnify, and shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (i) any individual who is a present or former Director or officer of the corporation or (ii) any individual who serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director or officer of such corporation or as a partner or trustee of such partnership, joint venture, trust or employee benefit plan at the written request of the corporation. The corporation may, with the approval of its

Board of Directors, provide such indemnification and advancement of expenses to a person who served a predecessor of the corporation in any of the capacities described in (i) or (ii) above and to any employee or agent of the corporation or a predecessor of the corporation.

Neither the amendment nor repeal of this Section nor the adoption or amendment of any other provision of the Bylaws or charter of the corporation inconsistent with this Section, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

ARTICLE XI

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter or Bylaws of the corporation or pursuant to applicable law, 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. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XII

AMENDMENT OF BYLAWS

Section 1. BY DIRECTORS. The Board of Directors shall have the power to adopt, alter or repeal any Bylaws of the corporation and to make new Bylaws, except that the Board of Directors shall not alter or repeal this Section or any Bylaws made by the Members.

Section 2. BY MEMBERS. The Members shall have the power to adopt, alter or repeal any Bylaws of the corporation and to make new Bylaws.