

BYLAWS OF
SHADOW RIDGE CLUSTER HOMES
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

OFFICES

The principal business office of the Shadow Ridge Cluster Homes Homeowners Association, Inc. (hereinafter the "Association" or "Corporation") shall be located in Rifle, Colorado. The corporation may have such other offices within the State of Colorado as the Board of Directors may designate, or as may be required from time to time for the transaction of the corporation's business.

ARTICLE II

MEMBERS

The corporation shall have one class of members, which class shall have voting privileges as set forth in accordance with the provisions of the Declaration of Covenants, Conditions, Restrictions and Liens of the Shadow Ridge Cluster Homes Homeowners Association, (hereinafter "Declaration") and the procedures established by the Board of Directors.

The corporation shall issue to members one certificate of membership for each lot in the Shadow Ridge Cluster Homes Homeowners Association in the name or names of the record owners of such lot. Every such owner shall be

entitled and required to be a member of the Association. In the event any lot or unit is owned by two or more persons in joint ownership, the membership to such lot shall be joint, and a single membership for a lot or unit shall be issued in the name of all the owners, and they shall designate to the Association in writing, the name of one person who shall vote such membership.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members, for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held at the corporation's office on the first Tuesday of the month of March in each calendar year. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. If the election of directors should not be held on the date above designated for the annual meeting, a special meeting of the members shall be called in the manner herein provided for special meetings for the purpose of electing such directors.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the secretary or the Board of Directors, or by members entitled to vote at least one-third of the issued certificates, for any purpose. A notice of any such special meeting shall state the place, date and hour, and the purposes of the meeting, and must be

delivered or mailed to the members at least ten (10) and not more than thirty (30) days prior to the date of such special meeting.

Section 3. Place of Meetings. Annual and special meetings shall be held at Rifle, Colorado, or at any other place within the State of Colorado as may be fixed by the Board of Directors and stated in the notice of any such meeting.

Section 4. Notice of Meetings. Written or printed notice stating the date, place and hour of the meeting, and, in case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, 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 corporation, with postage thereon prepaid. Any member may waive notice of any meeting.

Section 5. Quorum. At any meeting of the members, a majority of those members entitled to vote, present in person or represented by proxy or vote by mail, shall constitute a quorum. If less than a majority of such voting members are represented at a meeting, such meeting may be adjourned without further notice. When a quorum is present or represented at any meeting, a majority of the voting members represented at such meeting shall, except

where a larger vote is required by law, or the Articles of Incorporation, decide any question brought before such meeting. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6. Proxies and Voting. Each member (as such membership is defined in the Declaration) shall have the right to cast one vote for each membership certificate registered in such member's name. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the member or by his duly authorized attorney, and shall be filed with the Secretary of the corporation. No proxy shall be valid after the expiration of six (6) months from the date of its execution, unless otherwise provided in the proxy. Any proxy may be revoked by the person executing it, or by his personal representative or attorney. Cumulative voting shall not be allowed. Members may also vote by mail, in accordance with Colorado law.

Section 7. Informal Action by Members. Any action which could be taken at a meeting of the members, may be taken without a meeting if a written consent, setting forth the action taken, shall be signed by all of the members entitled to vote thereon. Such written consent shall have the same force and effect as the unanimous vote of the members.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Duties. It shall be the duty of the Board of Directors to exercise general supervision over the management of the affairs of the corporation and to receive and pass upon the reports of the President, Secretary and Treasurer, and to direct the officers thereof in the general conduct of the corporation. The Board shall have control of any books, papers, or documents of the corporation in the hands of the officers. The Board may adopt reasonable rules and regulations governing the activities of the members and protecting and preserving the properties, to be effective upon approval thereof by a majority vote of the members.

Section 2. Number and Tenure. The business and affairs of the corporation shall be managed by a board consisting of three directors, provided that at least two (2) of the directors shall be members. Directors shall be elected annually by the voting members at an annual meeting. Each director shall hold office until the election of his successor. The number of directors may be increased by appropriate resolution of the Board of Directors or upon two-thirds (2/3) vote of the members at any annual or special meeting of members.

Section 3. Vacancies. Any director may resign at any time by giving written notice to the President or Secretary of the corporation. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall

not be necessary to make it effective. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors although less than a quorum. 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 the affirmative vote of a majority of the directors then in office or by an election at an annual meeting or at a special meeting of the members called for that purpose.

Section 4. Powers. The Board of Directors shall have and may exercise all the powers of the corporation except such as are expressly conferred upon the members by law, by the Articles of Incorporation, or these Bylaws.

Section 5. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within the State of Colorado, and at such times, as the Board may from time to time by vote determine. Any business may be transacted at a regular meeting. Unless otherwise designated, the regular meeting of the Board of Directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of members, or any special meeting of members at which the Board of Directors is elected.

Section 6. Special Meetings. Special meetings of the Board of Directors may be held at any place within the

State of Colorado at any time when called by the President, or by two (2) or more directors.

Section 7. Notice. Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally, or by telephone, or by mail or telegraph sent to each director at his personal or business address. 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. 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. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice, or waiver of notice, of such meeting. If every director shall be present at any meeting, any business may be transacted without previous notice.

Section 8. Quorum. A majority of the directors in office, but in no case less than two (2), shall constitute a quorum, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any

meeting, a majority of the directors in attendance shall, except where a large number is required by law, or by these Bylaws, decide any question brought before such meeting.

Section 9. Informal Action by Directors. Any action which could be taken at a meeting of the directors may be taken without a meeting if a written consent, setting forth the action taken, shall be signed by all of the directors entitled to vote thereon. Such written consent shall have the same force and effect as a unanimous vote of the directors.

ARTICLE V

OFFICERS AND AGENTS

Section 1. General. The officers of the corporation shall consist of a president, who shall also be a director, a vice president, a secretary, and a treasurer, who shall be elected annually by the directors and who shall hold office until their respective successors are elected and qualified. The Board of Directors may appoint such other officers and agents, including a chairman of the Board, assistant secretary or treasurer, executive committee, or maintenance manager, as may be deemed necessary, any of whom shall be appointed in such manner and hold office for such terms and have such powers and duties as may be determined by the Board of Directors. One person may hold more than one office except the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the

Bylaws or by the Board of Directors, such officer, agent or employee shall follow the orders and instructions of the president.

Section 2. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interest of the corporation 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 in itself create contract rights.

Section 3. Vacancies. A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. President. The president shall be a member of the Board of Directors. Subject to the direction and supervision of the Board of Directors, the president shall be the chief executive officer of the corporation and shall have general supervision of its officers, agents and employees.

Section 5. Vice President. The vice president shall assist the president and shall perform such duties as may be assigned to him by the president or by the Board of Directors. In the absence of the president, the vice president shall have the powers and perform the duties of the president. The vice president shall generally assist the president in the exercise of his powers and shall

exercise such powers in the absence or disability of the president.

Section 6. Secretary. The secretary shall keep correct and complete books and records of account and shall keep minutes of all proceedings of the Board of Directors, of any executive committee and of the members. He shall cause to be kept a record of the names and addresses of the members and a record of the number of certificates of membership registered in the name of each member. He shall attend to the giving of notices of meetings to the members and directors, and to other notices required by law or by these Bylaws. He shall have custody of the seal of the corporation and shall affix such seal to deeds, contracts and other written instruments when authorized by the Board of Directors. He shall have charge of the membership book, minute book and such other books and papers as the Board may direct, and he shall perform all other duties normally incident to the office of secretary. All books and records may be inspected by any member, or his attorney, at any reasonable time. The secretary shall give bond for the faithful discharge of his duties, in such amount and with sureties as may be determined by the Board of Directors, if required by the Board of Directors.

Section 7. Treasurer. The treasurer shall be the principal financial officer of the corporation and shall have the care and custody of all funds, securities, evidences of indebtedness, and other personal property of

the corporation and shall deposit, invest and discharge the same in accordance with the instructions of the Board of Directors. He shall receive and give receipts and acquittances for monies paid in on account of the corporation, and shall pay out of the funds on hand all bills, and other lawful debts of the corporation of whatever nature upon maturity of the same. He shall perform all other duties normally incident to the office of the treasurer and, upon request of the Board, shall make such reports to it as may be required at any time.

He shall also be the principal accounting officer of the corporation. He shall prescribe and maintain or cause to be maintained the methods and systems of accounting to be followed, file all local, state and federal tax returns, prescribe and maintain an adequate system of internal bookkeeping controls, and prepare or cause to be prepared and furnish to the president and the Board of Directors statements of account showing the financial position of the corporation and the results of its operations. He shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

ARTICLE VI

MISCELLANEOUS

Section 1. Waiver of Notice. Whenever notice is required by law, by the Certificate of Incorporation or by these Bylaws, a waiver thereof in writing signed by the

director, member or other person entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to such notice.

Section 2. Seal. The corporation seal of the corporation shall be circular in form and shall contain the name of the corporation and the words "Corporate Seal - Colorado".

Section 3. Conveyances and Encumbrances. All or any part of the corporate property may be conveyed or encumbered by such officers of the corporation as may be authorized to do so by an affirmative vote of a majority of the members; provided, that two (2) corporate officers so authorized shall be required to execute and deliver instruments of conveyance of encumbrance.

Section 4. Corporate Changes. The corporation shall have power to amend its Articles of Incorporation by resolution of the Board of Directors and submitted to a vote at a regular or special meeting of members at which the affirmative vote of at least two-thirds (2/3) of the members, either personally or by proxy, shall be necessary, or the corporation may merge, consolidate or dissolve upon the vote of two-thirds (2/3) of such voting members.

ARTICLE VII

PROPERTY RIGHTS-RESTRICTIONS

Section 1. Property Rights in Memberships. A member may not sell, assign or otherwise transfer his interest in the corporation, unless all, or some portion, of

the real estate owned by the member to which such member's shares are appurtenant, is transferred simultaneously. No transfer of membership shall be recognized by the corporation for any purpose unless the same is registered on the books of the corporation. No shares shall be sold, assigned or transferred separately from the real estate to which the same is appurtenant.

Section 2. Earnings or Profits. No part of the net earnings, if any, of the corporation shall inure to the benefit of any member, except that members may be compensated for services actually rendered or for full and adequate consideration given, as authorized by the Board of Directors.

ARTICLE VIII

MEMBERSHIP CERTIFICATES

Section 1. Certificates. Memberships shall be represented by consecutively numbered certificates signed in the name of the corporation by its president or vice president and the secretary, and shall be prescribed by the Board of Directors. On each membership certificate shall be printed, in essence, the following statement: "Subject to the Articles and Bylaws of the Shadow Ridge Cluster Homes Homeowners Association, Inc.".

Section 2. Lost Certificate. In the case of any alleged or actual loss, destruction or mutilation of a certificate, the Board of Directors may direct the issuance

of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe.

ARTICLE IX

ASSESSMENTS

Section 1. Levying of Assessments. The Board of Directors shall determined the amount of such annual or special assessments as may be required for the ordinary and necessary expenses incurred, or to be incurred, by the corporation for the purposes set forth in the Articles of Incorporation and the Declaration. No assessment for capital improvements shall be made without the affirmative vote of at least two-thirds (2/3) of all members of the members entitled to vote. Special assessments shall be paid and collected in such installments as may be provided in the resolution establishing same. Assessments may be made separately for either administrative or operating expenses, or both, as the Board of Directors shall determine. The secretary shall notify each member in writing of the amount of any assessment levied against each member. All annual assessments shall be payable in twelve (12) equal monthly installments beginning on January 1 of each year and thereafter on the first of each successive month. Any and all such assessments shall be and become a lien against the respective membership or stock certificate issued to each member, and the real estate to which such membership certificate is appurtenant, from the date such assessment is made until the same shall have been fully paid, as

authorized under the provisions of the Articles of Incorporation. Each and every such assessment shall also constitute a personal obligation of the record owner of the membership certificate, and any assignee thereof.

Section 2. Enforcement of Assessment Obligations and Liens Thereof. If any such assessment shall not have been paid within thirty (30) days after notice thereof given as aforesaid, the Board of Directors, by appropriate action, may, in addition to the applicable provisions set forth in the Declaration:

- (a) Recover the amount of any such unpaid assessment, together with interest from the due date thereof at the rate of 18 percent per annum and reasonable attorney's fees and costs by appropriate legal action against the member in default, or any assigned or holder of the membership certificate issued to such member, in the same manner as for goods sold and delivered, and the judgment in any such action brought in a court of record may provide and be enforced by appropriate judicial order for sale of real estate owned by such defaulting member, to which his share of stock may be appurtenant, in the same manner as for real estate sales under execution; and
- (b) If any member fails to pay any assessment levied against him after notice thereof, or notice of default as hereinabove provided, cancel the membership certificate issued to any such defaulting member failing to pay any such assessment, in which event such member's membership shall be forfeited. Upon forfeiture of any membership of a defaulting member, he shall cease:
 - (1) To be entitled to services of the corporation;
 - (2) To have any claim or demand of any nature against the assets of the corporation; and
 - (3) To have or assert any right, claim, title or interest in the corporation, and any such right, title or interest shall thereupon revert to and become the absolute property of the corporation.

In the event the real estate to which any membership certificate may be appurtenant, in whole or in part, shall be transferred or conveyed by any member who shall be in default in the payment of any assessments, the transferee or grantee of any such real estate shall be liable for the payment of all assessments in arrears, which shall be paid before any such membership shall be transferred on the books of the corporation.

Section 4. Accounting. The corporation shall segregate the funds received for each of the annual and special assessments collected and maintain separate accounts for each such assessment. The funds in each separate account shall be expended exclusively for the purposes set forth in the Declaration.

ARTICLE X

APPLICABILITY OF DECLARATION

The operation and management of the corporation shall at all times be subject to and in accordance with the Declaration, and in the event of any inconsistency between said Declaration and these Bylaws, the said Declaration shall prevail.

ARTICLE XI

AMENDMENTS

Section 1. By Directors. The Board of Directors shall have power to make, amend and repeal by Bylaws of the corporation at any regular meeting of the Board or at any

special meeting called for such purpose; provided, that if the members, after the date of these Bylaws, shall make, amend or repeal any Bylaws, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action.

Section 2. By Members. The members may make, alter, amend and repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for such purpose, by a two-thirds (2/3) vote of the membership.

Adopted this _____ day of _____, 1981.

BOARD OF DIRECTORS

By: _____

President