

**BYLAWS
OF
RED ROCK RANCH HOMEOWNERS ASSOCIATION**

**ARTICLE I
NAME**

The name of the corporation is RED ROCK RANCH HOMEOWNERS ASSOCIATION ("Association"), also known as RED ROCK RANCH, FOREST VIEW ACRES, AND CLOVENHOOF HOMEOWNERS ASSOCIATION. The principal office of the corporation shall be as determined by the Board of Directors, but meetings of Members and Directors may be held at such places within the State of Colorado as may from time to time be designated by the Board of Directors of the Association ("Board").

**ARTICLE II
PURPOSE AND DEFINITIONS**

1. Purpose. The purpose for which the Association is formed is to govern the Lots, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in the certain amended Red Rock Ranch, Subdivision (Including Red Rock Ranch, Forest View Acres, and Clovenhoof) Restrictive Covenants, and any amendments and supplements thereto, recorded in the office of the Clerk and Recorder of El Paso County at Book 6667, Page 679 ("Covenants"), and the Association's Articles of Incorporation, and any amendments thereto, filed with the Department of State of Colorado ("Articles of Incorporation"), and these Bylaws. All Members and any other Person who may use the Lots, or any portion thereof, or any facilities or appurtenances thereto or thereon, in any manner, shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Covenants, Articles of Incorporation and these Bylaws. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of the Association's Documents, including the Covenants, Articles of Incorporation and these Bylaws are accepted, ratified and shall be complied with.

2. Definitions. Terms which are defined in the Covenants shall have the same meanings herein unless otherwise defined.

**ARTICLE III
MEETINGS OF MEMBERS**

1. Annual Meetings. The first annual meeting of the Members shall be held on the second Monday of April in 1997, at 7:00 p.m.

Each subsequent regular annual meeting of the Members shall be held in the same month of each year in which the first annual meeting was held, at a date and time to be designated by the Board. At each annual meeting, the Members shall elect Directors as required and conduct such other business as may properly come before the meeting.

2. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board or by Members having twenty percent (20%) of the votes of the Association.

3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association or Person authorized to call the meeting. Not less than ten nor more than 50 days in advance of such meeting, the Person giving such notice shall cause notice of any meeting to be hand delivered or sent prepaid by United States mail to the last known mailing address of each Lot Owner or to any other mailing address designated in writing by the Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Covenants or these Bylaws, any budget changes, and any proposal to remove an Officer or Director.

4. Quorum and Voting.

A. A quorum shall be present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast for election of the Board are present, in person or by proxy at the beginning of the meeting.

B. Unless otherwise specifically provided by the Covenants, the Articles of Incorporation, these Bylaws or by statute, all matters coming before a meeting of Members at which a proper quorum is in attendance, in person or by proxy, shall be decided by the vote of a majority of the votes validly cast at such meeting. Each member shall be entitled to one vote without regard to the number of lots owned.

C. If a lot is owned by more than one Person, and only one of the multiple Owners of the Lot is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners are present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Covenants expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the votes allocated to that lot without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Lot.

5. Proxies. Votes allocated to a Lot may be cast pursuant to a proxy duly executed by the owner. An owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date unless it provides otherwise

6. Security Interest Holders. Each Security Interest Holder shall have the right to designate a representative to attend all meetings of Members, but without a vote or right to be heard.

ARTICLE IV
SELECTION AND TERM OF OFFICE OF BOARD

1. Number. The affairs of this Association shall be managed by a Board of nine (9) Directors. Every Director must be a Member in good standing.

2. Term of office. Starting with the first annual meeting in April, 1997, Owners of Lots shall elect three Directors for a term of four years, three Directors for a term of three years, and three Directors for a term of two years; and, at each annual meeting thereafter, the members shall elect Directors to replace any outgoing Directors whose terms are expiring. Directors shall then be elected for terms of four years.

3. Removal. The owners, by a sixty-seven percent (67%) vote of all Members present and entitled to vote at any meeting of the Lot owners at which a quorum is present, may remove any Director with or without cause. In the event of death, resignation, or removal of a Director, his or her successor shall be selected by a majority of the remaining Directors, whether or not such remaining Directors constitute a quorum, and shall serve for the unexpired term of the Director being replaced.

4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties.

5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

6. Telephonic Meetings. The Directors may participate in any meeting of the Board by means of a conference call or similar

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communications equipment that enables all participants in the meeting to hear each other at the same time. Such participation shall constitute presence in person at the meeting.

7. Adjourned Meetings. If any meeting of the Board or Members lacks a quorum, the meeting may be adjourned until a quorum is present; and may then be reconvened without further notice.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

1. Nomination. Nomination for election to the Board may be made by a Nominating Committee if such a Committee is appointed, by the Board. Nominations may also be made from the floor at any Member meeting.

2. Election. Election to the Board shall be by secret written ballot, unless it is an uncontested election. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Covenants. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI
MEETINGS OF BOARD

1. Regular Meetings. Regular meetings of the Board shall be held not less often than quarterly, without notice, at such place and hour as may be fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any four Directors, after not less than three (3) days' notice to each Director.

3. Quorum; Actions of Board. A quorum is deemed present throughout any meeting of the Board if Persons entitled to cast fifty percent (50%) of the votes on the Board are present at the beginning of the meeting. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board

ARTICLE VII
POWERS AND DUTIES OF THE BOARD

1. Powers. The Board shall have power to:

A. Adopt and publish rules and regulations and architectural/design guidelines governing the Lots, the Common Areas, the Common Interest Community, or any portion thereof, and any

improvements or facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

B. Suspend the voting rights and the right of a Member to use Common Area amenities during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed ninety (90) days, for infraction of published Association Rules and Regulations;

C. Enter into, make, perform or enforce contracts, easements, licenses, leases and agreements of every kind and description; including the right to accept title to real estate, as set forth in the Covenants;

D. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Covenants;

E. Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties; and

F. Provide for Notice and Hearing in compliance with statutes and the Covenants, after promulgation of procedures therefor.

2. Duties. It shall be the duty of the Board to:

A. Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Lot Owners entitled to cast at least one-fourth (1/4) of the votes at such meeting;

B. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

C. As more fully provided in the Covenants, to determine the amount of any assessment against each Owner, from time to time, in accordance with the Association budget, and obtain approval thereof by majority vote of the Lot Owners;

D. Issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an

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assessment has been paid, such certificate shall be conclusive evidence of such payment as to all persons who rely thereon in good faith;

E. Procure and maintain insurance, as deemed reasonable by the Board, including director and officer liability insurance and fidelity coverage on all persons who are responsible for Association funds;

F. Provide for maintenance, repair and/or reconstruction of the Common Areas, including obtaining insurance certificates for reasonable insurance coverage from all contractors;

G. Keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid assessments. All financial and other records shall be made reasonably available for examination by any Owner and such Owner's authorized agents;

H. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity and income return. At least annually, the Board shall make available to the members a listing on an itemized basis as to amount, type and rate of return, of the instruments, funds and accounts in which Association funds are invested or deposited; and

I. Appoint an Architectural Control Committee, Nominating Committee, or other committee; and to enforce the Covenants in a reasonable manner.

Any of the aforesaid duties may be delegated by the Board to any other Person(s) or to the managing agent.

3. Limitation on Powers. The Board may not act on behalf of the Association to amend the Covenants, to terminate this Common Interest Community, or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE VIII RIGHTS OF THE ASSOCIATION

The Association may exercise any and all rights or privileges given to it under the Covenants, the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX
OFFICERS AND THEIR DUTIES

1. Enumeration of Officers. The officers of this Association may be a President, a Vice-President, a Secretary, a Treasurer, and such other offices as the Board may by resolution create.
2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.
3. Term. The Officers shall be elected annually by the Board and each shall hold office for one year unless the Officer shall sooner resign, or shall be removed, or shall otherwise be disqualified to serve.
4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may determine.
5. Resignation and Removal. Any Officer may be removed from office, with or without cause, by the Board. Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve the remainder of the term of the officer replaced.
7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.
8. Duties. The duties of the Officers, which are delegable to other persons, are as follows:
 - A. President: The President shall preside at all meetings of the Board and Members; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments; and shall co-sign or authorize a designated agent to co-sign checks of the Association in the amount of \$500.00 or more.
 - B. Vice-President. The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act, and shall

exercise and discharge such other duties as may be required of the Vice-President by the Board.

C. Secretary: The Secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the names of the Members together with their addresses; shall prepare, execute, certify and record amendments to the Covenants and other documents on behalf of the Association; and shall perform such other duties as required by the Board.

D. Treasurer: The Treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign or authorize a designated agent to sign checks of the Association; shall keep proper books of account; and shall prepare an annual budget to be presented to the Board.

ARTICLE X COMMITTEES

The Board shall appoint an Architectural Review Committee, subject to the provisions of the Covenants, and may appoint a Nominating Committee. In addition, the Board may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE XI BOOKS AND RECORDS

The Association shall make available to Owners current copies of the Covenants, Articles of Incorporation, these Bylaws, the Rules and Regulations, Architectural and Design Guidelines, books, records and financial statements of the Association.

ARTICLE XII AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the votes of a quorum of Members present in person or by proxy.

ARTICLE XIII CONFLICTS OF PROVISIONS

In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Covenants and these Bylaws, the Covenants shall control; and in the case of any conflict between the Articles of Incorporation and the Covenants, the Covenants shall control.

ARTICLE XIV
INDEMNIFICATION OF DIRECTORS AND OFFICERS

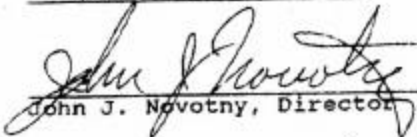
The Association may indemnify every Director, Officer, agent and employee, and any former Director, Officer, agent and employee, against all loss, costs and expenses, including attorney's fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been such a Director, Officer, agent or employee of the Association, except for matters in which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnity shall be limited to and may only be paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors errors and omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies. No indemnification shall be provided for acts constituting gross negligence, nor for fraud, nor for more reprehensible conduct. In the event of a settlement, the settlement shall be approved by the insurance carrier and paid for by the insurance carrier out of the insurance proceeds. The foregoing rights shall not be exclusive of other rights to which such Director, Officer, agent or employee may be entitled.

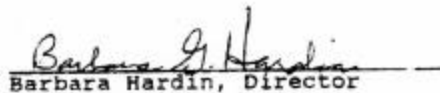
ARTICLE XV
FISCAL YEAR

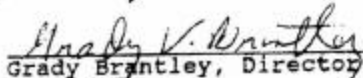
The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

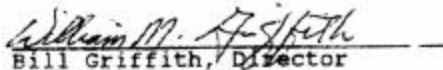
IN WITNESS WHEREOF, we, being all of the directors of Red Rock Ranch Homeowners Association have hereunto set our hands this

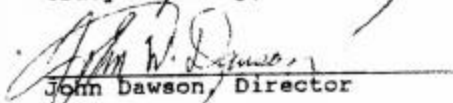
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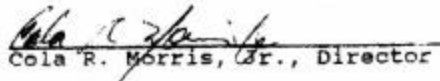

John J. Novotny, Director


Barbara Hardin, Director


Grady Brantley, Director


Bill Griffith, Director


John Dawson, Director


Cola R. Morris, Jr., Director

Maggie Gier
Maggie Gier, Director

Craig Koteles
Craig Koteles Director

Jim Bergeron
Jim Bergeron, Director

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Red Rock Ranch Homeowners Association, a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board thereof, held on January 13, 1997.

Signed this February 10, 1997.

Barbara G. Hardin
Secretary

ARTICLE XV
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all of the directors of Red Rock Ranch Homeowners Association have hereunto set our hands this 10th day of February, 1997.

Barbara G. Hardin
Barbara Hardin, Director

William F. Hill
Bill Hill, Director

Colin F. ...
Colin F. ..., Director

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..., Director

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..., Director

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..., Director