

**BYLAWS
OF
HOLE-IN-THE-WALL RANCH
PROPERTY OWNERS' ASSOCIATION, INC.
REVISED OCTOBER 2009**

ARTICLE 1 - INTRODUCTION

These are the Bylaws of Hole-in-the-Wall Ranch Property Owners' Association, Inc., which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended (the **Act**).

ARTICLE 2 - BOARD

Section 2.1 - Number and Qualification

- (a) The Affairs of the Common Interest Community and the Association will be governed by a Board of Directors (**Board**) consisting of seven (7) persons, all of whom must be Owners. If any Lot is owned by a partnership or corporation, any officer, partner, or employee of that Owner is eligible to serve as a Director and will be deemed to be a Owner for the purposes of the preceding sentence. Directors will be elected by the Owners. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.
- (b) At the Annual Meeting of Owners at which these Bylaws are amended, three (3) Directors will be elected for a term of three (3) years, two (2) Directors will be elected for a term of two (2) years, and two (2) Directors will be elected for a term of one (1) year. Thereafter, at each new election of Directors, all Directors up for election will be elected for terms of three (3) years.
- (c) The Board will elect the officers. The Directors and officers will take office upon election and continue in office until replaced or removed.

Section 2.2 - Powers and Duties

The Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws, or the Act. The Board, subject to the limitations contained in the Declaration and the Act, has the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including, without limitation, the following powers and duties:

- (a) Adopt and amend Bylaws and Rules;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves;

- (c) Collect Common Assessments for Common Expenses and Special Assessments from Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors, and agents other than managing agents;
- (f) Institute, defend, or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws, or Rules in the Association's name, on behalf of the Association or two (2) or more Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement, and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber, and convey, in the Association's name, any right, title, or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses, and concessions for no more than one (1) year, through or over the Common Elements;
- (l) Impose and receive a payment, fee, or charge for services provided to Owners and for the use, rental, or operation of the Common Elements, other than Limited Common Elements described in Subsections 202 (l)(b) and (d) of the Act;
- (m) Impose a reasonable charge for late payment of Assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, or Rules of the Association;
- (n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid Assessments;
- (o) Provide for the indemnification of the Association's officers and the Board and maintain Directors' and officers' liability insurance;
- (p) Exercise any other powers conferred by the Declaration or Bylaws;
- (q) Exercise any other power that may be exercised in the State by a legal entity of the same type as the Association;
- (r) Exercise any other power necessary and proper for the governance and operation of the Association; and

- (s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the-resolution establishing the committee. All committees must maintain and publish notice of their actions to Owners and the Board. However, actions taken by a committee may be appealed to the Board by any Owner within forty-five (45) days of publication of notice of that action, and the committee's action must be ratified, modified, or rejected by the Board at its next regular meeting.

Section 2.3 - Manager

The Board may employ a Manager for the Common Interest Community, at a compensation established by the Board, to perform duties and services authorized by the Board. The Board may delegate to the Manager only the powers granted to the Board by these Bylaws under Section 2.2, Subdivisions (c), (e), (g) and (h). Licenses, concessions, and contracts may be executed by the Manager pursuant to specific resolutions of the Board and to fulfill the requirements of the budget.

Section 2.4 - Removal of Directors

The Owners, by a majority vote of all persons present and entitled to vote, at any meeting of the Owners at which a quorum is present, may remove any Director of the Board, with or without cause.

Section 2.5 - Vacancies

Vacancies in the Board, caused by any reason other than the removal of a Director by a vote of the Owners, may be filled at a special meeting of the Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. Vacancies in the Board due to removal of a Director by vote of the Owners may be filled by vote of a majority of the Owners at a duly called meeting. Each person so elected or appointed will be a Director for the remainder of the term of the Director so replaced.

Section 2.6 - Regular Meetings

The first regular meeting of the Board following each Annual Meeting of the Owners will be held on the same date as, or within ten (10) days after, the Annual Meeting at a time and place to be set by the Owners at the Annual Meeting at which the Board is elected. No notice is necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 - Special Meetings

Special meetings of the Board may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each Director. The notice must be hand-delivered, mailed, or delivered by e-mail and must state the time, place, and purpose of the meeting.

Section 2.8 - Location of Meetings

All meetings of the Board must be held within Huerfano County, Colorado, unless a majority of Directors consent in writing to another location.

Section 2.9 - Waiver of Notice

Any Director may waive notice of any meeting in writing (including by e-mail). Attendance by a Director at any meeting of the Board constitutes a waiver of notice by that Director. If all the Directors are present at any meeting, no notice is required, and any business may be transacted at such meeting.

Section 2.10 - Quorum of Directors

At all meetings of the Board, a majority of the Directors present in person or by appropriate written or e-mail proxy constitutes a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present constitutes a decision of the Board. If, at any meeting, there is less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 - Consent to Corporate Action

If all the Directors, or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action is a valid corporate action as though it had been authorized at a meeting of the Board or the committee, as the case may be. The Secretary will file these consents with the minutes of the meetings of the Board.

Section 2.12 - Telephone Communication in Lieu of Attendance

A Director may attend a meeting of the Board by using an electronic or telephonic communication method whereby the Director may be heard by the other Directors and may hear the deliberations of the other members on any matter properly brought before the Board. The Director's vote will be counted and the presence noted as if that Director were present in person on that particular matter.

Section 2.13 - Teleconference Meetings

Anything in these Bylaws or in the Declaration to the contrary notwithstanding, the Board may meet by telephone, teleconference, or video conference to consider, decide, or take action upon any and all issues or matters that might come before any regular or special meeting of the Board and do so with full force and effect as though meeting in person in Huerfano County. Such meetings may be called by the President or by a majority of the Directors on at least three (3) business days' notice to each Director. The quorum rules of Section 2.10 apply. Any participation by a Director in such a meeting constitutes a waiver of notice by that Director.

ARTICLE 3 - OWNERS

Section 3.1 - Annual Meeting

Annual Meetings of Owners will be held in Huerfano County, Colorado, on the second Saturday in October of each year, except as otherwise determined by the Board and set forth in the notice for the Annual Meeting. The Directors whose terms are expiring will be elected by ballot of the Owners at each Annual Meeting, in accordance with the provisions of Article 2 of these Bylaws. The Owners may transact other business as may properly come before them at the Annual Meetings.

Section 3.2 - Budget Meeting

Meetings of Owners to consider proposed budgets must be called in accordance with the Act. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3.3 - Special Meetings

Special Meetings of the Association may be called by the President, by a majority of the Board, or by Owners comprising twenty percent (20%) of the votes in the Association.

Section 3.4 - Place of Meetings

Meetings of the Owners may be held in any location in Huerfano County designated by the Board or the President.

Section 3.5 - Notice of Meetings

The Secretary, Assistant Secretary, or other officer specified in the Bylaws must cause notice of meetings of the Owners to be hand-delivered, sent prepaid by United States mail to the mailing address designated in writing by the Owner, not less than thirty (30) nor more than fifty (50) days in advance of a meeting. No action may be taken at a meeting on any matter not stated in the notice.

Section 3.6 - Waiver of Notice

Any Owner may, at any time, waive notice of any meeting of the Owners in writing (including by e-mail), and the waiver will be deemed equivalent to the receipt of notice.

Section 3.7 - Adjournment of Meeting

At any meeting of Owners, a majority of the Owners who are present at that meeting, either in person or by written or e-mail proxy, may adjourn the meeting to another time.

Section 3.8 - Order of Business

The order of business at all meetings of the Owners will be as follows:

- (a) Roll Call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Board (when required);
- (h) Ratification of budget (if required and noticed);
- (i) Unfinished business; and
- (j) New business.

Section 3.9 - Voting

- (a) If only one of several Owners of a Lot is present at a meeting of the Association, then the Owner present is entitled to cast all the votes allocated to the Lot. If more than one of the Owners is present, then the votes allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the Owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the Lot.
- (b) Votes allocated to a Lot may be cast under a written or e-mail proxy from the Owner(s) of the Lot. If a Lot is owned by more than one person, then each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly delivered proxy. An Owner may revoke a proxy given under this section only 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 one year after its date, unless it specifies a shorter term.
- (c) The Vote of a corporation or other legal entity may be cast by any officer of that corporation or other legal entity in the absence of express notice of the designation of a specific person by the Board of Directors or Bylaws of the owning corporation or other legal entity. The Vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The moderator of the meeting may require reasonable evidence that a person

voting on behalf of a corporation, partnership, or other legal entity is qualified to vote.

(d) Votes allocated to a Lot owned by the Association may not be cast.

Section 3.10 - Quorum

Except as otherwise provided in these Bylaws, the Owners present in person or by written or e-mail proxy at any meeting of Owners, (but not less than a majority of the Owners), constitutes a quorum at that meeting.

Section 3.11 - Majority Vote

The Vote of a majority of Owners present in person or by written or e-mail proxy at a meeting at which a quorum is present is binding upon all Owners for all purposes except where a higher percentage Vote is required in the Declaration, these Bylaws, or by the Act.

ARTICLE 4 - OFFICERS

Section 4.1 - Designation

The principal officers of the Association will be the President, the Vice President, the Secretary, and the Treasurer, all of whom will be elected by the Board.

The Board may appoint an Assistant Treasurer, Assistant Secretary, and other officers as it deems necessary. The President, Vice President, and Treasurer, but no other officers, must be Directors and resident Owners. Any two (2) offices may be held by the same person, except the offices of President and Secretary. The office of Vice President may be vacant.

Section 4.2 - Election of Officers

The officers of the Association will be elected annually by the Board at the first Board meeting after each Annual Meeting of the Owners. The officers serve at the pleasure of the Board. The officers must be Owners.

Section 4.3 - Removal of Officers

Any officer may be removed by the affirmative vote of a majority of the Directors, either with or without cause. A successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for that purpose.

Section 4.4 - President

The President is the chief executive officer of the Association. The President presides at all meetings of the Owners and of the Board. The President has all of the general powers and duties incident to the office of President of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role of Treasurer in the

absence of the Treasurer. The President may cause to be prepared and may execute amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 - Vice President

The Vice President will take the place of the President and perform the President's duties whenever the President is absent or unable to act. If neither the President nor the Vice President is able to act, then the Board may appoint any other Director to act in the place of the President on an interim basis. The Vice President will also perform other duties imposed by the Board or by the President.

Section 4.6 - Secretary

The Secretary shall keep the minutes of all meetings of the Owners and the Board. The Secretary has charge of the Association's books and papers as the Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation under the laws of the State of Colorado. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 - Treasurer

The Treasurer is responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements, for the preparation of all required financial data, for the deposit of all monies and other valuable effects in depositories designated by the Board, and all other duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes, and other obligations and must deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board. Except for reserve funds described below, the Treasurer may have custody of and may endorse for transfer, on behalf of the Association, stock, securities, or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association must be deposited in segregated accounts or in prudent investments, as the Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer.

Section 4.8 - Agreement, Contract, Deeds, Checks, etc.

Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks, and other instruments of the Association may be executed by any officer of the Association or by any other person or persons designated by the Board.

Section 4.9 - Statements of Unpaid Assessments

The Treasurer, Assistant Treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid Assessments, in accordance with Section 316 of the Act.

The Association may charge a reasonable fee for preparing statements of unpaid Assessments. The amount of this fee and the time of payment must be established by resolution of the Board. Any unpaid fees may be assessed as a Common Expense against the Lot for which the certificate or statement is furnished.

ARTICLE 5 - ENFORCEMENT

Section 5.1 - Abatement and Enjoinment of Violations by Owners

The violation of any Rules adopted by the Board or the breach of any provision of the Declaration gives the Board the right, after notice and hearing, except in the case of an emergency, in addition to any other rights set forth in these Bylaws:

- (a) To enter the Lot or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Documents. The Board is not liable for any manner of trespass by this action; or
- (b) To enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 - Fine for Violation

By resolution, following notice and hearing, the Board may levy a fine up to twenty five dollars (\$25.00) per day for each day that a violation of the Declaration or Rules persists after notice and hearing.

ARTICLE 6 - INDEMNIFICATION

The Directors and officers of the Association have the liabilities, and are entitled to indemnification, as provided in Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7 - RECORDS

Section 7.1 - Records and Audits

The Association shall maintain financial records. The cost of any audit is a Common Expense unless otherwise provided in the Declaration.

Section 7.2 - Examination

All records maintained by the Association or the Manager are available for examination and copying by any Owner, any holder of a Mortgage on a Lot or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, at the principal offices of the Association during its normal business hours and after at least fifteen (15) days' prior notice. All inspections must be conducted diligently so as to minimize interference with the activities of the Association, the Board, and the officers.

Section 7.3 - Records

The Association shall keep the following records:

- (a) An account for each Lot, which shall designate the name and address of each Owner, the name and address of each Owner and of each Mortgagee who has given notice to the Association that it holds a Mortgage on the Lot, the amount of all Assessments, the dates on which each Assessment comes due, the amounts paid on the account, and the balance due;
- (b) An account for each Owner showing any other fees payable by the Owner;
- (c) A record of any capital expenditures in excess of three thousand dollars (\$3,000.00) approved by the Board for the current and next succeeding calendar year;
- (d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project or for Big Wall Lane Lots or School Creek Lots;
- (e) The most recent regularly prepared balance sheet and income and expense statement (including reserves), if any, of the Association, and other records required to be kept by the Colorado Nonprofit Corporation Act;
- (f) The current operating budget adopted pursuant to Section 315 (1) of the Act and ratified pursuant to the procedures of Section 303 (4) of the Act;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Owners, the Board, and the Association;
- (i) A record of any alterations or improvements to Lots or Limited Common Elements that violate any provisions of the Declaration of which the Board has knowledge;

- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (l) A list of all Directors and their residence addresses;
- (m) Tax returns for state and federal income taxation;
- (n) Minutes of meetings of Owners, the Board, committees of the Board, waivers of notice, and the most recent annual report of the Association;
- (o) A copy of the most current versions of the Articles of Incorporation, Declaration, Bylaws, and Rules of the Association; and
- (p) Copies of all written communications with Owners for the last three (3) years.

ARTICLE 8 - MISCELLANEOUS

Section 8.1 - Notices

All notices to the Association or the Board must be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Board may designate by written notice to all Owners and to all holders of Mortgages on the Lots who have notified the Association that they hold a Mortgage on a Lot. Except as otherwise provided, all notices to any Owner must be sent to the Owner's address as it appears in the records of the Association. All notices to holders of Mortgages on the Lots must be sent, except where a different manner of notice is specified elsewhere in the Declaration or in these Bylaws, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices will be deemed to have been given when mailed, except notices of changes of address and any and all owner applications for basic design approval, for approval of any variance, and any special building height approval, all of which will be deemed to have been initiated or made when actually received and not when mailed or e-mailed.

If any Owner provides the Association with the Owner's e-mail address, then all notices of meetings and all other notices (except notices under Sections 4.9, 5.1, and 5.2 of these Bylaws and enforcement notices related to violations, Special Assessments, or liens for non-payment of Assessments under the Declaration, all of which must be sent as specified in the prior paragraph) may be sent to the Owner by e-mail with the same effect as if hand-delivered or mailed to the Owner.

Section 8.2 - Fiscal Year

The fiscal year of the Association is the calendar year.

Section 8.3 - Waiver

No restriction, condition, obligation or provision contained in these Bylaws will be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches that may occur.

Section 8.4 - Office

The principal office of the Association is the residence of the President at the Property or such other place as the Board may from time to time designate.

Section 8.5 - Reserves

As a part of the adoption of the regular budget, the Board may include an amount which, in its reasonable business judgment, will establish and maintain adequate reserve fund(s) for the replacement of improvements to the Common Elements and those Limited Common Elements that it is obligated to maintain, based upon the age, remaining life, and the quantity and replacement cost of major Common Element improvements.

Section 8.6 - Defined Terms

All defined terms in the Declaration and in the Act have the same meanings in these Bylaws.

ARTICLE 9 - AMENDMENTS TO BYLAWS

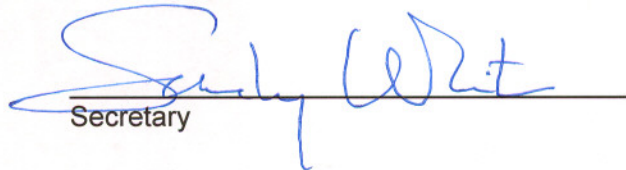
Section 9.1 - Vote of Directors

These Bylaws may be amended only by vote of a majority of the Board, following notice and comment to all Owners, at any meeting of the Board duly called for such purpose.

Section 9.2 - Restrictions on Amendments

No amendment of these Bylaws may be adopted that would affect or impair the validity or priority of any Mortgage covering any Lot or change the provisions of these Bylaws with respect to institutional Mortgagees of record.

ATTEST: Certified to be the Bylaws adopted by vote of the Owners of Hole-in-the-Wall Ranch Property Owners' Association, Inc. dated October 10, 2009.


Secretary