

BYLAWS
OF
PROSPECTS AT T-BONE RANCH ASSOCIATION, INC.

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**BYLAWS
OF
PROSPECTS AT T-BONE RANCH ASSOCIATION, INC.**

ARTICLE 1 -- INTRODUCTION, PURPOSES AND DEFINITIONS

Section 1.1 Introduction. These are the Bylaws of Prospects at T-Bone Ranch Association, Inc. (the "Association"), which Association operates under the Colorado Revised Nonprofit Corporation Act, as amended, and applicable portions of the Colorado Common Interest Ownership Act, as amended (the "Act").

Section 1.2 Purposes. The purposes for which the Association was formed are to preserve and enhance the value of the properties of Members and to operate, govern, manage, supervise and care for the Common Interest Community and the Common Elements of "Prospects at T-Bone Ranch," a Condominium Community (the "Community" or "Prospects at T-Bone Ranch"), situated in the County of Weld, State of Colorado, as the Community was created pursuant to the Declaration and Map.

Section 1.3 Definitions. Terms used herein shall have the meanings set forth in the Declaration of the Prospects at T-Bone Ranch ("Declaration") and are incorporated herein by reference, unless expressly defined herein.

ARTICLE 2 -- MEMBERSHIP

Section 2.1 Membership and Notice. Every person or entity who is a record owner of a Unit which is subject to the Declaration shall be a "Member" of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for membership. Each Member shall be allocated votes pursuant to the Declaration. Fractional and cumulative voting are prohibited.

Section 2.2 Suspension of Member Rights. During any period in which a Member shall be in default in the payment of any Common Expense Assessment levied by the Association, the voting rights of such Member shall be deemed suspended by the Executive Board (as hereinafter defined), without notice or hearing, until such assessment has been paid. Such rights of a Member may also be suspended, after notice and the opportunity for a hearing, during any period of violation of any other provision of the Declaration, Articles of Incorporation ("Articles"), these Bylaws or rules and regulations established by the Executive Board.

ARTICLE 3 -- MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. An annual meeting of the Members shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Executive Board and set forth in the notice. At these meetings, the Directors shall be elected by the Members, in accordance with the provisions of these Bylaws, the Declaration and Articles. The Members may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not be considered a forfeiture or dissolution of the Association.

Section 3.2 Special Meetings. Special meetings of the Association may be called by the President, by a majority of the members of the Executive Board or by a petition signed by Unit Owners comprising twenty percent (20%) of the votes in the Association.

Section 3.3 Budget Meeting. Meetings of Unit Owners to consider proposed budgets shall be called in accordance with the Colorado Common Interest Ownership Act ("CCIOA"). The "CCIOA budget process" allows a majority of the Unit Owners (or a higher percentage, if set in the Declaration) to veto a budget adopted by the Executive Board. CCIOA's budget process to be followed is as follows: The Association is to prepare and approve a budget at least annually. Each budget is to first be prepared and approved by the Executive Board as a "proposed" budget. Then, within thirty (30) days after the Executive Board's adoption of the proposed budget, the Executive Board must mail or deliver a summary of the proposed budget to all Unit Owners and set a date for a special or annual meeting of the Unit Owners to consider ratification of the proposed budget. The budget meeting may be combined with the annual meeting. Notice for the meeting at which a proposed budget will be considered by Unit Owners must be mailed not less than fourteen (14) days nor more than sixty (60) days before the meeting. At the meeting, unless a majority of the Unit Owners reject the proposed budget, the budget is ratified and becomes the approved budget of the Association. CCIOA does not require that a quorum of owners be present at the meeting, if the meeting is just a budget meeting, but does require a quorum if the meeting is also an annual or special meeting. In the event a proposed budget is rejected by a majority of Unit Owners, the budget last ratified by the Unit Owners is continued until such time as the owners ratify a subsequent budget proposed by the Executive Board.

Section 3.4 Notice of Meetings. Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting. Notice shall be given by mailing a copy of such notice, postage prepaid, at least ten (10) days before, but not more than fifty (50) days before such meeting, or by any other means permitted by the Colorado Revised Nonprofit Corporation Act, including but not limited to personal delivery, facsimile, and e-mail delivery, to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. No matters shall be heard nor action adopted at a special meeting except as stated or allowed in the notice.

Section 3.5 Place of Meetings. Meetings of the Members shall be held in the Prospects at T-Bone Ranch Community, or in the greater Greeley area, and may be adjourned to a suitable place convenient to the Members, as may be designated by the chair of the meeting.

Section 3.6 Quorum of Members. The presence at the meeting of Members, in person or by proxy, entitled to cast twenty-five percent (25%) of all the votes shall constitute a quorum for any action except as otherwise provided in the Articles, Declaration, and these Bylaws. If the required quorum is not present at a meeting, the Members who are present shall have power to adjourn the meeting from time to time (to a later date) without notice other than announcement at the meeting until a quorum shall be present or represented.

Section 3.7 Voting. At all meetings of Members, each Member eligible to vote may vote in person or by proxy.

(a) If only one of several Owners of a Unit is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Unit.

(b) If more than one of the Owners is present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority of those Owners. Majority agreement exists if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another Owner of the Unit.

(c) The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the or bylaws of the owning corporation or business trust.

(d) The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership.

(e) The chair of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust Unit Owner is qualified to vote.

(f) Votes allocated to Units owned by the Association may not be cast.

Section 3.8 Proxies for Member Meetings. The vote allocated to a Unit may be cast under a proxy duly executed by an Unit Owner. All proxies shall be in writing and filed with the Secretary or designee of the Association. If a Unit is owned by more than one person, each Unit Owner of the Unit may vote or register protest to the casting of the vote by the other Owners of the Unit through a duly executed proxy. A Unit 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 eleven (11) months after its date, unless it specifies a shorter term or a specific purpose.

Section 3.9 Majority Vote. The vote of a majority of the votes present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws, the Articles of Incorporation or by law.

Section 3.10 Order of Business and Rules at Meeting. The Executive Board may establish the order of business and prescribe reasonable rules for the conduct of all meetings of the Executive Board and Unit Owners. At meetings of the Members, the Executive Board may order the business of the meeting as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Optional Reports (from manager, officers or committees);
- (e) Establish number and term of memberships of the Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Executive Board (when required);
- (h) Review of or report on the budget (subject to veto, if provided for in the Declaration, if required and noticed);
- (i) Unfinished business; and
- (j) New business.

Section 3.11 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members, in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.12 Voting Procedure. Voting may be by voice, by show of hands, by consent, by mail, by electronic means, by directed proxy, by written ballot, or as otherwise determined by the Board of Directors or the Members present at a meeting.

(a) In case of a vote by mail or electronic means, the Secretary shall mail or deliver written notice to all Members at each Member's address as it appears in the records of the Association given for notice purposes. The notice shall include:

- (i) a proposed written resolution setting forth a description of the proposed action;

(ii) a statement that Members are entitled to vote by mail or electronic means for or against such proposal;

(iii) a date at least thirty (30) days after the date such notice shall have been given on or before which all votes must be received at the office of the Association at the address designated in the notice; and

(iv) the number of votes which must be received to meet the quorum requirement and the percentage of votes received needed to carry the vote. Voting by mail shall be acceptable in all instances in the Declaration, Articles or these Bylaws requiring the vote of Members at a meeting.

(b) The Board of Directors may conduct elections of Directors by mail or electronic means, in its sole discretion, and pursuant to procedures adopted by it; *provided however*, that any procedures adopted shall provide for notice to Members of the opportunity to run for a vacant position and/or nominate any Member of the Association for a vacant position, subject to the nominated Member's consent.

(c) In an election of Directors, the Members receiving the largest number of votes shall be elected.

ARTICLE 4 -- EXECUTIVE BOARD

Section 4.1 Number and Qualification. The affairs of the Community and the Association shall be governed by a Executive Board which shall consist of three (3) Members, elected or appointed as provided below (the "Executive Board"). If any Unit is owned by a partnership, corporation, limited liability company or other entity, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of these Bylaws.

Section 4.2 Nominating Committee. Nomination for election to the Board of Directors shall be made by a nominating committee. Nominations may also be made from the floor at the annual meeting. The nominating committee shall consist of a chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. The nominating committee shall be appointed by the Board of Directors three (3) months prior to each annual meeting of the Members, to serve until the close of the annual meeting. Nominating committee members shall be announced at each annual meeting. The Nominating committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations shall be from among the Members only.

Section 4.3 Term of Office for Directors. The term of office of Directors shall be three (3) years or until such time as a successor is elected. The terms of the Directors shall be

staggered. The terms of at least one-third (1/3) of the Directors shall expire annually.

Section 4.4 Resignation of Directors.

(a) Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

(b) The unexcused absence of a Director from three(3) consecutive regular meetings of the Board of Directors may be deemed a resignation of the Director.

Section 4.5 Removal of Directors. The Unit Owners, by a vote of at least two-thirds (2/3) of the votes at any meeting of the Owners at which a quorum of Members is present, may remove a Director, other than a Director appointed by Declarant, with or without cause, during that Director's term. The entire Executive Board may be removed at any meeting of Members, with or without cause, by a vote of two-thirds (2/3) of the Members of the votes at any meeting of the Owners at which a quorum is represented. Directors appointed by the Declarant may not be removed by the Members under this section of the Bylaws. Directors sought to be removed shall have the right to be present at such meeting and shall be given the opportunity to speak to the Members prior to a vote to remove being taken. Upon removal, the Members, by majority vote, shall then elect such new members of the Executive Board to replace those members removed.

Section 4.4 Vacancies. Vacancies in the Executive Board caused by any reason (other than removal) may be filled by the Executive Board at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be subject to the reserved rights of Declarant to appoint Directors, unless those rights have expired, in which event, appointments shall be made by a majority of the remaining elected Directors constituting the Executive Board. Each person so appointed shall be a Director who shall serve for the remainder of the unexpired term.

Section 4.5 Compensation. No Director shall receive compensation for any service they may render as a Director to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of Association duties.

ARTICLE 5 -- MEETINGS OF THE EXECUTIVE BOARD

Section 5.1 Regular Meetings. Regular meetings of the Executive Board, excluding the interested Director, shall be held at least twice per year at such place and hour as may be fixed by the Board, without notice. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings, except as may be required by law.

Section 5.2 Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two Directors, after not less than one (1) day notice to each Director. The notice shall be delivered in a manner whereby confirmation of receipt of the notice is received, and shall state the time, place and purpose of the meeting.

Section 5.3 Location of Meetings and Open Meetings. All meetings of the Executive Board shall be open to attendance by Members, as provided by applicable Colorado law. All meetings of the Executive Board shall be held within the Community or the greater Greeley area, unless all Directors consent in writing to another location.

Section 5.4 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 5.5 Quorum. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, unless there are less than three Directors, in which case, all Directors must be present to constitute a quorum. The votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board unless there are less than three (3) Directors, in which case, unanimity of the Directors is required to constitute a decision of the Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting.

Section 5.6 Proxies for Board Meetings. For the purposes of determining a quorum with respect to a particular proposal and for the purposes of casting a vote for or against that particular proposal, a Director may execute, in writing a proxy, to be held by another Director. The proxy shall specify either a yes, no or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no or abstain vote shall not be counted for the purpose of having a quorum present or as a vote on the particular proposal before the Board.

Section 5.7 Consent to Corporate Action. The Directors shall have the right to take any action in the absence of a meeting, which they could otherwise have taken at a meeting, by:

(a) Obtaining the unanimous verbal vote of all Directors which vote shall be noted in the minutes of the next meeting of the Board and ratified at such time;

(b) Obtaining the written vote of all of the Directors, with at least a majority of the Directors approving the action, provided that those Directors who vote "no" or abstain from voting have waived notice of a meeting in writing. The Secretary shall file the written votes with the minutes of the meetings of the Board of Directors.

(c) Any action taken under subsections (a) and (b) shall have the same

effect as though taken at a meeting of the Directors.

Section 5.8 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the Director may be heard by the other Members and may hear the deliberations of the other Members on any matter properly brought before the Executive Board. The Director's vote shall be counted and his or her presence noted as if that Director were present in person on that particular matter.

ARTICLE 6 -- POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 6.1 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, the Articles, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration, the Articles of Incorporation and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Community, and for the operation and maintenance of the Community as a first class property, including the following powers and duties:

- (a) Adopt and amend Bylaws and rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves (subject to the budget being distributed to the Owners and not vetoed by the Owners at a meeting of the Owners, as that procedure is set forth in the Declaration, the Act and in these Bylaws);
- (c) As a part of the adoption of the regular budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain a reserve fund for the replacement of those improvements that it is obligated to maintain, based upon age, remaining life, quantity and replacement cost;
- (d) Collect assessments for Common Expenses from Owners;
- (e) Hire and discharge managing agents, provided that any agreement for professional management of the Community may not exceed one (1) year. Any such agreement must provide for the termination by either party without cause and without payment of a termination fee or penalty upon thirty (30) days written notice;
- (f) Hire and discharge employees, independent contractors and agents other than managing agents;
- (g) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or rules in the Association's name, on behalf of the Association or two (2) or more Owners on matters affecting the Community;
- (h) Make contracts and incur liabilities;
- (i) Regulate the use, maintenance, repair, replacement and modifications of Common Elements;

- (j) Cause additional improvements to be made as a part of the Common Elements;
- (k) 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;
- (l) 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;
- (m) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- (n) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy reasonable fines or assessments provided for or allowed in the Declaration, Bylaws and Rules and Regulations of the Association;
- (o) Keep and maintain full and accurate books and records showing all of the receipts, expenses, or disbursements of the Association;
- (p) Borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary and give security therefor;
- (q) Impose a reasonable charge for the preparation and recording of amendments to the Declaration, liens, or statements of unpaid assessments;
- (r) Provide for the indemnification of the Association's Officers and the Executive Board and maintain Directors' and officers' liability insurance;
- (s) Procure and maintain adequate liability and hazard insurance on property owned by the Association and as further set forth in the Declaration;
- (t) Cause all Directors, Officers, employees or agents having fiscal responsibilities to be bonded or insured, as it may deem appropriate and in such amounts as it may deem appropriate;
- (u) Declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board;
- (v) Exercise for the Association all powers, duties, rights and obligations in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, the Declaration or the Act; and
- (w) Exercise any other powers conferred by the Declaration or Bylaws.

Section 6.2 Managing Agent. The Executive Board may engage a managing agent, at a compensation established by the Board, to perform duties and services authorized by the Board.

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. Regardless of any delegation to a manager or managing agent, the members of the Board shall not be relieved of responsibilities under the Declaration, the Articles, these Bylaws or Colorado law.

Section 6.3 Limits on Delegation, Requirements for Association Funds and Financial Statements. Pursuant to the Colorado Common Interest Ownership Act, if the Association has thirty (30) or more units and the Association delegates powers of the Executive Board or Officers relating to collection, deposit, transfer, or disbursement of Association funds to other persons or to a manager or managing agent, the Association requires the following:

(a) That the other persons or managing agent maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars (\$50,000) or such higher amount as the Executive Board may require;

(b) The other persons or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association;

(c) That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

Section 6.4 No Waiver. The omission or failure of the Association or Owner to enforce the covenants, conditions, easements, uses, limitations, obligations, or other provisions of the Governing Documents shall not constitute or be deemed a waiver, modification, or release thereof, and the Board or the managing agent shall have the right to enforce the same at any time.

ARTICLE 7 -- OFFICERS AND THEIR DUTIES

Section 7.1 Enumeration of Offices. The officers of this Association shall be a President, Vice-President, Secretary and Treasurer, and such other Officers as the Executive Board may from time to time create by resolution. 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 authority in these Bylaws, and that the offices of the Secretary and Treasurer may be held by the same person.

Section 7.2 Appointment of Officers. The officers shall be appointed by the Executive Board at the organizational meeting of each new Executive Board. The Officers shall hold office at the pleasure of the Executive Board.

Section 7.3 Special Appointments. The Executive 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 Executive Board may, from time to time,

determine.

Section 7.4 Resignation and Removal. Any Officer may resign at any time by giving written notice to the Executive 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. Acceptance of such resignation shall not be necessary to make it effective. Any Officer may be removed from office with or without cause by a majority of the Executive Board.

Section 7.5 Vacancies. A vacancy in any office may be filled by appointment by the Executive Board by majority vote of the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7.6 Duties. The Duties of the Officers are as follows:

(a) President. The President shall have all of the general powers and duties which are incident to the office of president of a Colorado nonprofit corporation including, but not limited to, the following: preside at all meetings of the board of Directors; appoint committees; see that orders and Resolutions of the Executive Board are carried out. The President may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment, as applicable.

(b) Vice President. The Vice President shall 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, the Executive Board shall appoint some other Director to act in the place of the President on an interim basis. The Vice President shall also perform other duties imposed by the Executive Board or by the President.

(c) Secretary. The Secretary, shall have charge or shall keep the Minutes of all meetings of the Owners and proceedings of the Executive Board. The Secretary shall have charge of the Association's books and papers and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized 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.

(d) Treasurer. The treasurer shall be responsible for Association funds and for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the 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 shall deposit the same and all monies in the name of an to the credit of the Association in banks designated by the Association.

Section 7.7 Delegation. The duties of any officer may be delegated to the manager or another Executive Board member; *provided, however*, the officer shall not be relieved of any responsibility under these Bylaws or under Colorado law.

Section 7.8 Agreements, Contracts, Deeds, Checks, Etc. Except as provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

Section 7.9 Statements of Unpaid Assessments. The Treasurer, assistant treasurer, a manager employed by the Association, if any, 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 shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

Section 7.10 Compensation. Compensation of officers shall be subject to the same limitations as imposed in these Bylaws on compensation of Directors.

ARTICLE 8 -- COMMITTEES

Section 8.1 Designated Committees. The Association may appoint committees, as deemed appropriate, in carrying out its purposes. Committees shall have authority to act only to the extent designated in the Governing Documents or delegated by the Executive Board.

ARTICLE 9 -- ENFORCEMENT

Section 9.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the rules and regulations adopted by the Executive Board or the breach of any provision of the Governing Documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Unit 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 Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Governing Documents. The Executive Board shall not be deemed 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 9.2 Fines for Violation. By action of the Executive Board, following notice and hearing, the Executive Board may levy reasonable fines for a violation of the Governing Documents or rules, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Executive Board.

ARTICLE 10 -- BOOKS AND RECORDS

Section 10.1 Records. The Association or its manager or managing agent, if any, shall keep the following records:

(a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense Assessment, the dates on which each assessment comes due, any other fees payable by the Unit Owner, the amounts paid on the account and the balance due;

(b) An account for each Unit Owner showing any other fees payable by the Unit Owner;

(c) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(d) The current operating budget;

(e) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(f) A record of insurance coverage provided for the benefit of Unit Owners and the Association;

(g) Tax returns for state and federal income taxation;

(h) Minutes of proceedings of meetings of the Unit Owners, Directors, committees of Directors and waivers of notice; and

(i) A copy of the most current versions of the Declaration, Articles of Incorporation, Bylaws, and Resolutions of the Executive Board, along with their exhibits and schedules.

Section 10.2 Examination. The books, records and papers of the Association (excepting any confidential and/or privileged books, records or papers) shall at all times, during normal business hours and after reasonable notice, be subject to inspection and copying by any Member, at their expense, for any proper purpose, except documents determined by the Board to be confidential pursuant to a written policy or applicable law. The Board of Directors or the

managing agent shall determine reasonable fees for copying.

ARTICLE 11 -- AMENDMENTS

Section 11.1 Bylaw Amendments. These Bylaws may be amended by the vote of two-thirds (2/3) of the Executive Board.

Section 11.2 Restrictions on Amendments. No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any Security Interest covering any Unit, or which would materially change the provisions of the Bylaws with respect to a first lien Security Interest or the interest of an institutional mortgagee of record.

ARTICLE 12 -- INDEMNIFICATION

Section 12.1 Obligation to Indemnify.

(a) The Association shall indemnify any person:

(i) Who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association);

(ii) By reason of the fact that this person is or was a Director, Officer or committee member of the Association;

(iii) Provided that the person is or was serving at the request of the Association in such capacity;

(iv) But no indemnification shall be made with respect to any claim, issue or matter in any threatened, pending or completed action or suit where:

(1) Such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Association, unless a court determines that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

(b) The Association's obligation for indemnification shall include:

(i) Actual and reasonable expenses (including expert witness fees, attorneys' fees and costs);

(ii) Judgments and fines;

- (iii) Reasonable amounts paid in settlement.
- (c) The Association shall indemnify when the person identified in subsection (a) of this Section:
 - (i) Acted in good faith and;
 - (ii) In a manner which such person reasonably believed to be in the best interests of the Association, and;
 - (iii) With respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful;
 - (iv) To the extent that such person has been wholly successful on the merits in defense of any action, suit or proceeding as described above, such person shall be indemnified against actual and reasonable expenses (including expert witness fees, attorneys' fees and costs) incurred in connection with such action, suit or proceeding.

Section 12.2 Determination Required. The Board of Directors shall determine whether the person requesting indemnification has met the applicable standard of conduct set forth above. Such determination shall be made by the Board of Directors:

- (a) By majority vote of a quorum consisting of those members of the Board of Directors who were not parties to such action, suit or proceeding or;
- (b) By independent legal counsel in a written opinion if a majority of those members of the Board of Directors who were not parties to such action, suit or proceeding so directs, or;
- (c) By a vote of the Members if a majority of those members of the Board of Directors who were not parties to such action, suit or proceeding so directs.
- (d) Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe the conduct was unlawful.

Section 12.3 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses as described above in advance of final disposition of the action, suit or proceeding if the person requesting indemnification provides the Board of Directors with:

- (a) A written affirmation of that person's good faith belief that he or she has

met the standard of conduct described above and;

(b) A written statement that such person shall repay the advance if it is ultimately determined that he or she did not meet the standard of conduct described above.

Section 12.4 No Limitation of Rights. The indemnification provided in this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the Members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to C.R.S. § 38-33.3-101, *et seq.*, and the Colorado Revised Nonprofit Corporation Act, as those statutes may be amended from time to time.

Section 12.5 Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a member of the Board of Directors, the manager, committee members, or anyone acting at the direction of the Board, covering defense and liability expenses arising out of any action, suit or proceeding asserted against such person by virtue of such person's actions on behalf of the Association or at the direction of the Board, whether or not the Association would have the power to indemnify such person against such liability under provisions of this Article.

ARTICLE 13 -- MISCELLANEOUS

Section 13.1 Notices to the Association. All notices to the Association or the Executive Board shall 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 Executive Board may designate by written notice to all Unit Owners. Except as otherwise provided, all notices to any Owner shall be mailed to the Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when mailed or transmitted, except notices of changes of address, which shall be deemed to have been given when received.

Section 13.2 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall 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 which may occur.

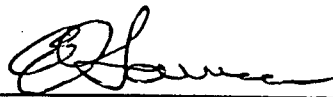
Section 13.3 Office. The principal office of the Association shall be within the Condominium Community or at such other place as the Executive Board may from time to time designate.

Section 13.4 Working Capital. A working capital fund is established pursuant to the Declaration. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment.

Section 13.5 Conflicts. In the case of any conflicts between the Declaration and these Bylaws or the Articles of Incorporation, the terms of the Declaration shall control. In the case of any conflicts between the Articles of Incorporation and these Bylaws, the terms of the Articles of Incorporation shall control.

CERTIFICATION

I, the undersigned, do hereby certify that I am the Secretary of the Prospects at T-Bone Ranch Association, Inc. a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted by the Executive Board.



Edouard A. Garneau, Secretary