

BYLAWS
OF
GUNNISON RIVER HOMEOWNERS
ASSOCIATION, INC.

ARTICLE I GENERAL

1.1 PURPOSE OF BYLAWS

These Bylaws of the Gunnison River Homeowners Association, Inc. (these “Bylaws”) are adopted for the regulation and management of the affairs of the Gunnison River Homeowners Association, Inc. (the “Association”). The Association is organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, C.R.S. § 7-121-101 et seq. (the “Nonprofit Act”), in conformance with the Colorado Common Interest Ownership Act, C.R.S. § 38-33.3-101 et seq. (“CCIOA”), and is the Association under the Declaration of Protective Covenants for the Gunnison River subdivision, as amended (the “Declaration”). The Declaration relates to the real property in the County of Gunnison, Colorado (the “Property”).

1.2 TERMS DEFINED IN DECLARATION

Initially capitalized terms used but not defined in these Bylaws are defined in the Declaration and have the same definition as in the Declaration.

1.3 CONTROLLING LAWS AND INSTRUMENTS

These Bylaws are controlled by and shall always be consistent with the provisions of the Nonprofit Act, CCIOA, the Declaration and the Articles of Incorporation of the Association filed with the Secretary of State of Colorado (the “Articles”), as any of them are amended from time to time. The Declaration, the Articles,

these Bylaws and the Association’s Rules and Regulations, as any of them may be amended from time to time, together with all exhibits or attachments to any of them, are herein collectively referred to as the “Governing Documents.”

ARTICLE II OFFICES

2.1 PRINCIPAL OFFICE

The Board, in its discretion, may fix and change the location of the principal office of the Association from time to time.

2.2 REGISTERED AGENT AND OFFICE

The Board may change the Association’s initial registered office and initial registered agent specified in the Articles at any time by filing a statement as specified by law in the Office of the Secretary of State of Colorado. At all times, the street addresses of the Association’s registered office and the business office of the Association’s registered agent shall be identical.

ARTICLE III MEMBERS AND VOTING RIGHTS

3.1 GENERAL

Each Owner of a site, tract, lot, or other parcel within the Property (a “Lot”) is a member of the Association (a “Member”). An Owner’s membership in the Association is hereinafter referred to as a “Membership.” Each Membership is appurtenant to the fee simple title

to a Lot. The Owner of fee simple title to a Lot is automatically the holder of the Membership appurtenant to the Lot, and the Membership automatically passes with fee simple title to the Lot.

The Association itself shall have no vote for any Lot it owns.

3.2 VOTES

In all matters coming before the Association for which a vote of the Members is required each Lot is allocated one vote in the Association.

3.3 AUTHORIZED REPRESENTATIVE

Any Owner that is not a natural person (i.e., an estate or a trust, corporation, partnership, limited liability company or other entity) shall appoint a natural person as such Owner's attorney-in-fact and authorized representative (an "Authorized Representative") and may vote only through its Authorized Representative or by proxy. Any Owner who is a natural person may also appoint a proxy to vote on behalf of the Owner or Authorized Representative.

Any Owner who is required or elects to appoint an Authorized Representative will notify the Association of its Authorized Representative or any subsequent replacement for its Authorized Representative in accordance with CCIOA. The notice will (i) be signed by all Persons constituting the Owner, (ii) be dated, (iii) state its duration, to the maximum allowed by applicable law, and (iv) specify whether the Authorized Agent is empowered to vote on behalf of the Owner. If the document appointing the Authorized Agent specifies that the agent will be empowered to vote on behalf of the

Owner, the notice will have the effect of a proxy given by all persons and entities constituting that Owner to the Authorized Representative named in the notice for all purposes under the Community Instruments, CCIOA and the Nonprofit Act, except that the duration of the notice will be perpetual or as stated therein, to the maximum duration allowed by law. The appointment of an Authorized Representative is binding upon all Persons comprising the appointing Owner and the vote of the Authorized Representative is conclusive as to the Association, unless and until the Association receives (A) a notice appointing a replacement Authorized Representative or (B) a notice terminating the appointment of the Authorized Representative. Upon receiving any notice appointing an Authorized Representative, the Association may request additional evidence of authority that it reasonably deems necessary to verify the due appointment of the named Authorized Representative, but is under no obligation to make such investigation.

Unless the context clearly indicates otherwise, the term "Member" as used in these Bylaws means a Member or its Authorized Representative.

3.4 RESIGNATION OF MEMBERS

No Member may resign from the Association. An Owner's Membership in the Association shall terminate only upon the conveyance by such Member of all of such Member's ownership interests in any and all Lots.

3.5 MEMBERSHIP TERMINATION; MEMBER SANCTIONS

No Member may be expelled from the Association and no Member's Membership may be terminated as long as such Member is an Owner. Notwithstanding the foregoing, if any Member fails to comply with any provision of the Governing Documents, the Association may impose such enforcement sanctions as are provided for in the Declaration. Without limiting the foregoing, the voting rights of any Member that is delinquent in the payment of assessments shall be suspended until the delinquency is cured.

3.6 PURCHASE OF MEMBERSHIPS BY ASSOCIATION

The Association shall not purchase the Membership of any Member. The Association shall only be a Member, and shall only have such rights as are attendant to Membership, to the extent that it is also an Owner.

3.7 RESOLUTION OF VOTING DISPUTES

In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of the Members, the Board shall act as arbitrators and the decision of a disinterested majority of the Board shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended. No dispute as to the entitlement of any Member to vote shall postpone or delay any vote for which a meeting of the Members has been duly called pursuant to the provisions of these Bylaws if a quorum is present at such meeting.

3.8 TRANSFER OF MEMBERSHIPS ON ASSOCIATION BOOKS

Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Board, of the transfer of ownership of the Lot to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as being entitled to all rights in connection with the Membership.

ARTICLE IV MEETINGS OF MEMBERS

4.1 PLACE OF MEMBERS' MEETINGS

Meetings of the Members shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board and specified in the notice of the meeting.

4.2 ANNUAL MEETING OF MEMBERS

Annual meetings of the Members shall be held on such date fixed by the Board at such time of day as is fixed by the Board and specified in the notice of meeting. The annual meetings shall be held to transact such business that properly comes before each such meeting.

4.3 SPECIAL MEETINGS OF MEMBERS

Special meetings of the Members may be called by the Board, the President of the Association, or by the Members holding not less than 20% of

the total votes in the Association. No business shall be transacted at a special meeting of the Members except as indicated in the notice thereof.

4.4 RECORD DATE

For the purpose of determining the Members entitled to notice of, or to vote at, any meeting of the Members, or for the purpose of determining such Members for any other proper purpose, the Board of the Association may fix in advance a future date as the record date for any determination of the Members. The record date may not be more than 70 days prior to the meeting of the Members or the event requiring a determination of the Members.

4.5 NOTICE OF MEMBERS' MEETINGS

Written notice of any meeting of the Members will be delivered a sufficient number of days in advance to comply with Colorado law, and the manner of such delivery shall comply with Colorado law. In the absence of any provision of Colorado law requiring a longer period of notice, notice shall be given thirty calendar days in advance of such meeting. In the absence of any provision to the contrary in Colorado law, notice shall be given personally, by first class or registered mail to each Member entitled to vote at the meeting, or by email. The notice of any meeting will state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, whether a budget will be considered and any proposal to remove a member of the Board. If mailed, the notice will be deemed to be delivered five business days after it is deposited in the United States mail,

first-class postage prepaid, addressed to the Member at the mailing address for the Member appearing in the Association's records. If emailed, the notice will be deemed to be delivered two business days after such email is sent. If a Member provides an email address to the Association, it is the obligation of the Member to notify the Association of any change of email address. The Association is entitled to use and rely upon the most recent email address in its records for an Owner unless notified in writing that the email address is no longer effective.

4.6 PROXIES

In addition to the appointment of an Authorized Representative pursuant to Section 3.3 of these Bylaws, a Member (including an Authorized Representative) that is entitled to vote may vote in person or by proxy if the proxy is executed in writing by the Member and delivered to the secretary of the meeting prior to the time the proxy is exercised. A Member may appoint a proxy by signing an appointment form, either personally or by the Member's attorney-in-fact, or by transmitting or authorizing the transmission of an electronic transmission providing a written statement of the appointment to the proxy or other person duly authorized by the proxy to receive appointments as agent for the proxy or to the Association, except that the transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the appointment.

A proxy may be revoked by a written revocation filed with the chairman of the meeting prior to the time the proxy is exercised or by voting in

person. A proxy automatically ceases upon a change in the ownership of the Membership on the Association's books. No proxy is valid after 11 months from the date of its execution unless otherwise provided in the proxy appointment form and permitted by law. Any form of proxy or written ballot furnished or solicited by the Association will afford an opportunity for the Members to specify on the form a choice between approval and disapproval of each matter or group of related matters which is known, at the time the form of proxy or written ballot is prepared, may come before the meeting and will provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any matter, the vote will be cast in accordance with the Member's choice.

4.7 QUORUM AT MEMBERS' MEETING

Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 20% of the votes in the Association shall constitute a quorum at any meeting of such Members. The Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding that some of the Members withdraw from the meeting, leaving less than a quorum.

4.8 ADJOURNMENTS OF MEMBERS' MEETINGS

Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is present in

person or by proxy, without notice other than announcement at the meeting for a total period or periods not exceeding 60 days after the date set for the original meeting. At any adjourned meeting held without notice other than announcement at the meeting, the quorum requirement may not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called. Notwithstanding the foregoing, if the adjourned meeting is set for a date that is more than 70 days after the record date initially fixed for the meeting pursuant to Section 4.4 of these Bylaws, then notice of the adjourned meeting (pursuant to Section 4.5 of these Bylaws) must be given to the Members of record as of the new record date fixed for such adjourned meeting pursuant to Section 4.4 of these Bylaws.

4.9 VOTE REQUIRED AT MEMBERS MEETING

At any meeting of the Members called and held in accordance with these Bylaws, if a quorum is present, the affirmative vote of Members entitled to cast a majority (i.e., more than 50%) of the votes, present and voting either in person or by proxy, which may be cast on a matter are necessary to adopt the matter, unless a different percentage is required by law or by the Governing Documents, in which case the different requirement shall control. There shall be no cumulative voting for Directors or for any other action considered by the Members.

4.10 OFFICERS OF MEETINGS

At any meeting of the Members, the President of the Association shall act as chairman, and the

Secretary of the Association shall act as secretary of the meeting unless the President designates another person to act as secretary of the meeting.

4.11 EXPENSES OF MEETINGS

The Association shall bear the expenses of all meetings of the Members incurred by the Association in facilitating, including noticing, the meeting.

4.12 WAIVER OF NOTICE

A waiver of notice of any meeting of the Members, signed by a Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.13 ACTION OF MEMBERS WITHOUT A MEETING

Any action required to be taken or which may be taken at a meeting of the Members may be taken without a meeting if a written consent setting forth the action taken is signed by the requisite number of Members required to take such action at a meeting at which 100% of the Members attend. In order for any action taken without a meeting to be effective, the written consent of such Members must be received by the Association within 90 days after the earliest date upon which the Association received any such written consent. Action taken without a meeting shall be effective when the last written consent necessary to effect the action is received by the

Association (the "Effective Date"), unless the written consents set forth a different Effective Date. The record date for determining Members entitled to take action without a meeting or to receive notice of such action shall be the date that the first written consent concerning the action is received by the Association.

4.14 ACTION OF MEMBERS BY MAIL BALLOT

Any action required to be taken or which may be taken at a meeting of the Members may be taken by mail ballot without a meeting to the extent permitted by Section 7-127-109 of the Nonprofit Act. In order for an action taken by mail ballot to be effective: (i) the Association must have delivered a written ballot to every Member entitled to vote on the subject matter of the action, (ii) the number of votes cast by ballot must have satisfied the quorum requirement set forth in Section 4.7 of these Bylaws, (iii) the number of approvals must have satisfied the affirmative vote requirement set forth in Section 4.9 of these Bylaws, and (iv) all ballots and ballot solicitations must have satisfied the specific requirements therefor as set forth in Section 7-127-109 of the Nonprofit Act.

4.15 LIST OF MEMBERS FOR MEETING AND ACTION BY MAIL BALLOT

After fixing a record date for notice of a meeting pursuant to Section 4.4 of these Bylaws or for determining the Members entitled to take action by mail ballot pursuant to Section 4.14 of these Bylaws, the Association shall prepare an alphabetical list of the names, addresses, and votes in the Association of all Members entitled to notice of, and to vote at, the meeting or to

take such action by written ballot. The list shall be made available for inspection by the Members in accordance with the specific requirements set forth in Section 7-127-201 of the Nonprofit Act. Failure by the Association to prepare or make available the list of Members will not affect the validity of action taken at the meeting or by means of such written ballot.

4.16 MEETINGS BY TELECOMMUNICATIONS

Any or all of the Members may participate in an annual, regular, or special meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE V BOARD OF DIRECTORS

5.1 GENERAL POWERS AND DUTIES OF BOARD

The Board has the duty to manage and supervise the affairs of the Association and has all powers necessary or desirable to permit it to do so. Without limiting the generality of the previous sentence, the Board has the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association not reserved to the Owners in the Governing Documents, the Nonprofit Act, or CCIOA. The Board may delegate any portion of its authority to an officer or manager of the Association.

5.2 SPECIAL POWERS AND DUTIES OF BOARD

Without limiting the general powers and duties set forth in Section 5.1 of these Bylaws, the Board has all the powers and duties set forth for it in the Declaration, including, without limitation, the specific powers and duties set forth in the Declaration.

5.3 QUALIFICATIONS OF DIRECTORS

Each Director shall be a natural person who is at least 18 years of age. A Director may be reelected, and there shall be no limit on the number of terms a Director may serve on the Board. Each Director shall be required to be an Owner, the Authorized Representative of an Owner, or an officer, director, member, trustee or partner of an Owner.

5.4 GENERAL STANDARDS OF CONDUCT FOR BOARD MEMBERS AND OFFICERS

To the extent not otherwise inconsistent with Colorado law, any Director and officer, in connection with the authority and powers granted to the Board and such officer by the Governing Documents or by any applicable law, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Governing Documents, the development of rules and restrictions, insurance, contracts and finance, shall act in good faith, with such care as an ordinarily prudent person in a like position would use under similar circumstances, and in a manner that such Director or officer believes is in the best interests of the Association. In

discharging his or her duties, a Director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (i) one or more officers or employees of the Association whom the Director or officer believes to be reliable and competent in the matters presented; or (ii) legal counsel, public accountants or other persons as to matters which the Director or officer believes to be within such person's professional or expert competence, so long as, in any such case, the Director or officer acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. In addition to the limitations on liability set forth in Section 5.11 of these Bylaws, a Director or officer shall not be liable as such to the Association for any act or omission if, in connection with such act or omission, the Director or officer performed the duties of his or her position in compliance with this Section 5.4. A Director or officer shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

5.5 NUMBER AND TERMS OF DIRECTORS

The Board shall be composed of not less than three Directors nor more than seven Directors as designated from time to time by resolution of the Board of Directors. The term of each Director shall be three years, provided that the terms of the Directors first elected by the Members pursuant to Section **Error! Reference source not found.** shall be staggered such that less than a majority of the Directors' positions comes up

for election each year. There is no limit on the number of terms a Director may serve.

5.6 REMOVAL OF DIRECTORS

At any meeting of the Members called and held in accordance with these Bylaws at which a quorum is present, any Director may be removed, with or without cause, by the affirmative vote of Members entitled to cast 67% of the votes in the Association. A successor may be then and there elected to fill the vacancy for the unexpired term of his or her predecessor in office.

5.7 RESIGNATION OF DIRECTORS

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

5.8 VACANCIES IN DIRECTORS

Any vacancy occurring in the Board, unless filled in accordance with Sections 5.5 and 5.6 or by election at a special meeting of the Members, shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his or her predecessor in office. A vacancy in the position of a Director to be filled by reason of an increase in the number of Directors shall be filled only by vote of the Members.

5.9 MANAGER OR MANAGING AGENT

The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint a manager, managing agent and/or other agent responsible for any of the affairs of the Association. The manager, managing agent and/or other agent will have and exercise those powers and will fulfill those duties of the Board as specified in the resolution.

If those duties specified in the resolution delegate to any manager, managing agent or other agent any power relating to the collection, deposit, transfer or disbursement of Association funds, then such manager, managing agent and/or other agent shall (i) maintain fidelity insurance coverage or a bond in an amount not less than \$50,000, or such higher amount as the Board may require, (ii) maintain all Association funds and accounts separate from the funds and accounts of other associations managed by such manager, managing agent or other agent, and maintain all accounts of such other associations separate from the accounts of the Association, and (iii) prepare and provide to the Association an annual accounting and financial statement for the Association funds, which accounting and financial statement may be prepared by the manager, managing agent or other agent, a public accountant or a certified public accountant.

5.10 CONFLICTING INTEREST TRANSACTIONS

The Directors shall abide by the conflict of interest policy and applicable Colorado law.

5.11 LIMITATIONS OF LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

No Director or officer shall be liable for actions taken or omissions made in the performance of such Director's or officer's duties as such, except for wanton and willful acts or omissions.

Subject to any applicable provisions of CCIOA, no Director shall have any personal liability to the Association or its Members for monetary damages for breach of fiduciary duty as a Director; except that the personal liability of such Director shall not be eliminated for: (i) any breach of the Director's duty of loyalty to the Association or its Members; (ii) acts or omissions by the Director not in good faith or that involve intentional misconduct or a knowing violation of the law; (iii) voting for or assenting to any unlawful distributions as defined under Section 7-128-403 of the Nonprofit Act, provided that the extent of liability for such vote or assent shall be determined pursuant to Section 7-128-403 of the Nonprofit Act; (iv) consenting to or participating in the making of any loan by the Association to any Director or officer, provided that the extent of liability for such consent or participation shall be determined pursuant to Section 7-128-501 of the Nonprofit Act; or (v) any transaction from which the Director directly or indirectly derived an improper personal benefit.

No Director or officer shall be personally liable for any injury to person or property arising out of a tort committed by an employee of the Association unless such Director or officer was personally involved in the situation giving rise to the injury or unless such Director or officer

committed a criminal offense in connection with such situation.

Nothing contained in this Section 5.11 will be construed to deprive any Director of his or her right to all defenses ordinarily available to a Director nor will anything herein be construed to deprive any Director of any right he or she may have for contribution from any other Director or other person.

The Association will indemnify, to the maximum extent permitted by law, any person made a party to a proceeding because such person is or was a Director of the Association against liability incurred in the proceeding and against reasonable expenses incurred by the person in connection with the proceeding. The Association further may, to the maximum extent permitted by law, purchase and maintain insurance on behalf of a person who is or was a Director, officer, partner, member, manager, trustee, employee, fiduciary, or agent of another domestic or foreign corporation, nonprofit corporation, or other person or of an employee benefit plan, against liability asserted or incurred by the person in that capacity or arising from the person's status as a Director, officer, employee, fiduciary, or agent.

ARTICLE VI MEETINGS OF DIRECTORS

6.1 PLACE OF DIRECTORS MEETINGS

Meetings of the Board shall be held at the principal office of the Association or at such other place, within or convenient to the Property, as may be fixed by the Board and specified in the notice of the meeting.

6.2 ANNUAL MEETING OF DIRECTORS

Annual meetings of the Board shall be held on the same date as, or within 10 days of, the annual meeting of the Members. The business to be conducted at the annual meeting of the Board shall consist of the appointment of officers of the Association, the adoption of the annual budget for the following fiscal year and the transaction of such other business as may properly come before the meeting. To the fullest extent permitted by Colorado law, no prior notice of the annual meeting of the Board shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of the Members at which the Board is elected or if the time and place of the annual meeting of the Board is announced at such annual meeting of the Members.

6.3 SPECIAL MEETINGS OF DIRECTORS

Special meetings of the Board may be called by the President or a majority of the Directors.

6.4 NOTICE OF DIRECTORS' MEETINGS

When notice is required for any meeting of the Board, notice stating the place, day and hour of the meeting will be delivered in compliance with Colorado law, and, if permissible under Colorado law, not less than two nor more than 50 days before the date of the meeting, by mail, facsimile, telephone or personally, by or at the direction of the persons calling the meeting, to each Director. If mailed, the notice will be deemed delivered five business days after it is deposited in the mail addressed to the Director at

his or her home or business address as either appears in the records of the Association, with its first-class postage prepaid. If by facsimile, the notice will be deemed delivered when facsimiled to the Director at his or her home or business facsimile number as either appears on the records of the Association. If by telephone, the notice will be deemed delivered when given by telephone to the Director or to any person answering the telephone who sounds competent and mature at the Director's home or business phone number as either appears on the records of the Association. If given personally, the notice will be deemed delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at the Director's home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

6.5 PROXIES

For purposes of determining a quorum of Directors with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

6.6 QUORUM OF DIRECTORS

A majority of the number of Directors fixed in these Bylaws shall constitute a quorum for the transaction of business by the Board.

6.7 ADJOURNMENT OF DIRECTORS' MEETINGS

The Directors present at any meeting of the Board may adjourn the meeting from time to time, whether or not a quorum is present, for a total period or periods not to exceed 30 days after the date set for the original meeting. Notice of an adjourned meeting will be given to all Directors. At any adjourned meeting, the quorum requirement will not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.8 VOTE REQUIRED AT DIRECTORS' MEETING

At any meeting of the Board, if a quorum is present either in person or by proxy, the affirmative vote of a majority of the Directors present shall be necessary for the adoption of the matter, unless a greater proportion is required by law or the Governing Documents.

6.9 OFFICERS AT MEETINGS

The President shall act as chairman and the Board shall designate a Director to act as secretary at all meetings of Directors.

6.10 WAIVER OF NOTICE

A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director.

Attendance of a Director at a meeting in person shall constitute waiver of notice of such meeting, except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or conveyed.

6.11 ACTION OF DIRECTORS WITHOUT A MEETING

Any action required to be taken or which may be taken at a meeting of the Board may be taken without a meeting if all of the Directors in writing: (i) vote for such action by the unanimous affirmative vote of the Directors then in office; or (ii) vote against such action or abstain from voting, and waive the right to demand that action not be taken without a meeting. Such action taken without a meeting shall not be effective unless and until all such writings necessary to effect the action, which have not been revoked as provided herein below, are received by the Association; except that the writings may set forth a different effective date. Any Director who has signed and submitted a writing pursuant to this Section may revoke such writing by a subsequent writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association.

6.12 MEETING ATTENDANCE; OPEN MEETINGS; EXECUTIVE SESSIONS

The Board may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all persons

participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

CCIOA expressly governs the openness of meetings and executive sessions.

ARTICLE VII OFFICERS

7.1 OFFICERS, EMPLOYEES AND AGENTS

The officers of the Association shall consist of a President, one or more Vice-Presidents, a Secretary, a Treasurer and other officers, assistant officers, employees and agents as the Board deems necessary. Any two or more offices may be held by the same person.

7.2 APPOINTMENT AND TERM OF OFFICE OF OFFICERS

Except as otherwise provided in this Section, each officer of the Association shall be appointed by the Board at the annual meeting of the Board and shall hold office, subject to the pleasure of the Board until the next annual meeting of the Board or until the officer's successor is appointed, whichever is later, unless the officer resigns, or is earlier removed.

7.3 REMOVAL OF OFFICERS

Except as otherwise provided in this Section, any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if

any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

7.4 RESIGNATION OF OFFICERS

Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board of the Association stating the effective date of his or her resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.5 VACANCIES IN OFFICERS

Except as otherwise provided in this Section, any vacancy occurring in any position as an officer may be filled by the Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

7.6 PRESIDENT

The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall direct, supervise, coordinate and have general powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board and of the Members.

7.7 VICE-PRESIDENT

Any Vice-President may act in place of the President in case of his or her death, absence or inability to act, and shall perform such other duties and have such authority as is from time to

time delegated by the Board or by the President. There may be more than one Vice-President.

7.8 SECRETARY

The Secretary shall be the custodian of the records and the seal (if any) of the Association and shall affix the seal (if any) to all documents requiring the same; shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the meetings of the Members, of the Board and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members and the Authorized Representative, if any, of each Member; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his or her death, absence or inability to act.

7.9 TREASURER

The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require; shall arrange for the annual

report required under Section 9.4 of these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his or her death, absence or inability to act.

7.10 AMENDMENTS TO THE DECLARATION

The President and, in the President's absence or unavailability, any Vice President, may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

ARTICLE VIII NOTICE AND HEARING PROCEDURE

8.1 NOTICE AND HEARING

For the purposes of this Section, the term "Enforcement Action" shall refer to any action or demand taken or made by the Association against any Owner that, pursuant to the Governing Documents, may not be taken or made until such Owner has been given notice and an opportunity to be heard. In accordance with CCIOA, the Board shall adopt rules, regulations, policies and procedures regarding the notice and opportunity to be heard in any Enforcement Action, including the imposition of fines.

ARTICLE IX MISCELLANEOUS

9.1 AMENDMENT OF BYLAWS

Except as provided in the Nonprofit Act, the Board may alter, amend or repeal these Bylaws or adopt new Bylaws. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation. The Bylaws may not be amended by vote of the Members.

9.2 COMPENSATION OF OFFICERS, DIRECTORS AND MEMBERS.

No Director or officer shall have the right to receive any compensation from the Association for serving as a Director or officer except for reimbursement of expenses as may be approved by resolution of the disinterested Directors. Agents and employees shall receive such reasonable compensation as may be approved by the Board. Appointment of a person as an agent or employee of the Association shall not, of itself, create any right to compensation.

9.3 BOOKS AND RECORDS

The Association shall keep such records and books as required by CCIOA and shall make such records and books available in accordance with CCIOA. The Board may also adopt rules, regulations, policies and procedures regarding the keeping, inspection, copying, reproduction and availability of the Association's books and records.

9.4 ANNUAL REPORT

The Board shall only be required to prepare and distribute an annual report to each Member if, and to the extent, expressly required by law.

9.5 STATEMENT OF ACCOUNT

Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner or any person with any right, title or interest in an Lot or intending to acquire any right, title or interest in an Lot, the Association shall furnish a written statement of account setting forth the amount of any unpaid Assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Lot or the Owner of the Lot and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Lot. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other Assessments have then been levied.

9.6 CORPORATE REPORTS

The Association shall file with the Secretary of State of Colorado such reports as required by law.

9.7 FISCAL YEAR

The fiscal year of the Association shall be determined by the Board.

9.8 SEAL

The Board may, but is not required to, adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

9.9 SHARES OF STOCK AND DIVIDENDS PROHIBITED

The Association shall not have or issue shares of stock and no dividend shall be paid and no part of the income or profit of the Association shall be distributed to its Members, Directors or officers.

Notwithstanding the foregoing paragraph, the Association may issue certificates evidencing Membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

9.10 MINUTES AND PRESUMPTIONS THEREUNDER

Minutes or any similar records or the meetings of the Members, or of the Board, when signed by the Secretary or acting secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given. Minutes shall be brief and oriented only to reflect the actions taken at the meetings. Members, Directors and the Association may make audio recordings of meetings, but such recording devices must not impair by orderly conduction of the meeting by emitting sound or visual stimulus that is distracting.

9.11 CHECKS, DRAFTS AND DOCUMENTS

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board.

9.12 BUDGET

The Board will cause a proposed budget for the Association to be prepared and adopted annually, not less than 30 days prior to the beginning of each fiscal year of the Association. Such budget shall be prepared in accordance with the requirements of the Declaration. Within 30 days after the Board adopts any proposed budget for the Association, the Board will mail, by ordinary first-class mail, or otherwise deliver a summary of the proposed budget to all Members and will set a date for a meeting of the Members to consider ratification of the proposed budget not less than 30 nor more than 60 days after mailing or other delivery of the summary. Unless at that meeting Members representing more than 50% of all the Lots vote to reject the proposed budget, the proposed budget will be ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Members will continue in effect until such time as the Members ratify a subsequent budget proposed by the Board. Any action of the Members required pursuant to this Section 9.12 may be taken by mail ballot.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Gunnison River Homeowners Association, Inc., a Colorado nonprofit corporation (the "Association"); and

2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted by unanimous consent of the Board of the Association.

IN WITNESS WHEREOF, I have hereunto subscribed my hand this ____ day of

_____, _____.

Gunnison River Homeowners Association, Inc.

_____, Secretary