

**BYLAWS
OF
TIMBERDALE RANCH OWNERS' ASSOCIATION**
A Colorado Non-Profit Corporation

ARTICLE I
Functions

Section 1. **Purpose and Objects.** The purpose for which this non-profit corporation is formed is to govern all subdivisions and phases thereof subject to the Declaration of Protective Covenants for Timberdale Ranch recorded under Reception No. 370286 and as amended thereafter in the records of La Plata County, Colorado.

Section 2. **Compliance.** All present or future owners, tenants, future tenants or any other person whom might use the facilities of the subdivision in any manner, are subject to the regulations set forth in the Bylaws. The mere acquisition or rental of any of the lots of the subdivision or the mere act of occupancy of such lots will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II
Membership

Section 1. **Automatic Membership.** The owner of a Lot, upon becoming such an owner, shall be entitled and required to be a member of the Association and shall remain a member for the period of their ownership.

Section 2. **One Membership.** There shall be one membership in the Association for each lot. Such membership shall be appurtenant to the lot, and shall be transferred automatically by a conveyance of that lot to any new owner. Each membership shall be entitled to one vote, and in the event the membership is held by more than one owner, the vote may be cast only as a single vote and split or divided votes in membership shall not be allowed.

Section 3. **Transfer.** No person other than an owner may be a member of the Association and a membership may not be transferred except in connection with the conveyance of transfer of the lot; provided, however, that such membership may be assigned to the holder of a mortgage as further security for the loan secured by the lien of the mortgage holder upon the lot.

Section 4. **Person.** The term "person", for the purpose of membership, shall include a corporation, partnership, trust, joint venture or other legal entity which has valid title to any lot. Any officer, director or partner of such entity may exercise the membership

rights of the entity and shall further be entitled to serve on the Board of Directors as an officer of the corporation.

Section 5. **Termination.** Such membership shall terminate without any formal corporate action whenever such person ceases to own a lot, but such termination shall not relieve or release any such former lot owner from any liability or obligation incurred under or in any way connected with Timberdale Ranch during the period of such ownership and membership in this corporation, or impair any right or remedies which the Board of Directors of the corporation or others may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

ARTICLE III Meetings

Section 1. **Annual Meeting.** The annual meeting of the membership shall be held in the month of August of each year or as determined by the Board. At the annual meeting the membership shall elect members of the Board of Directors to replace or re-elect members whose term is about to expire and transact such other business as may properly come before it.

Section 2. **Special Meetings.** Special Meetings may be called at any time by the Board of Directors or upon a petition signed by one-sixth (1/6) of the members. No business shall be transacted at the special meeting except as stated in the notice unless by consent of a majority of the owners present, either in person or by proxy.

Section 3. **Notice of Meeting.** Notice of the date, place and time of the annual meeting or any special meeting, shall be given to each member either by delivering such notice to the member personally, by mailing the same to them by United States mail or delivered via e-mail. Notice shall be given no later than 10 days prior to the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at their address as it appears on the membership register of the corporation, with postage prepaid thereon. If e-mailed such notice shall be considered delivered and effective five days after e-mailing. Members are responsible for providing and maintaining valid contact information with the Association. If the member does not have a valid e-mail address they must contact the Secretary of the Board of Directors for alternative arrangements.

Section 4. **Quorum.** At each meeting of the Owners, thirty percent of the Owners entitled to vote, whether present in person or represented by proxy, shall constitute a quorum at that meeting. In the absence of a quorum, the Owners present in person or represented by proxy and entitled to vote, by a majority vote, may adjourn the meeting from time to time, until a quorum shall be present or represented. At any Owner

meeting re-called to order subsequent to such an adjournment at which a quorum is present, any business may be transacted which might have been transacted at the meeting originally called.

Section 5. **Majority Vote.** The vote of a majority of the Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, Bylaws or by law.

Section 6. **Voting of Proxies.** At all meetings of the members, a member may vote by proxy executed in writing by the member or by their duly authorized attorney in fact. Such proxy shall be filed with the secretary-treasurer of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

Section 7. **Order of Business.** The order of business at the annual meeting, and as applicable at any special meeting, shall be as follows:

1. Roll call.
2. Proof of notice of meeting.
3. Reading and approval of any unapproved minutes.
4. Reports of officers and committees.
5. Presentation and discussion of Annual Budget
6. Election of Directors.
7. Unfinished business.
8. New business.
9. Adjournment.

Section 8. **Voting Rights.** All owners within Timberdale Ranch shall be members of the Association. Each lot shall be entitled to one vote in the Association. The one (1) vote for each lot shall be exercised by the owner and when more than one person or entity holds an interest in a lot, the vote for the lot shall be exercised as the owners may determine among themselves, but a vote for the lot shall be cast by only one person.

ARTICLE IV Board of Directors

Section 1. **Number of Directors.** The number of directors may be increased or decreased to not less than three nor more than seven by a majority vote of the members of the Board of Directors then in office, without amendment of these Bylaws.

Section 2. **Powers and Duties.** The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the corporation in accordance

with the laws of the State of Colorado, which shall include the powers and duties set forth in Colorado law, including the Colorado Common Interest Ownership Act at C.R.S. § 38-33.3-302(1) and the Colorado Revised Nonprofit Corporation Act, and in the Declaration, and which shall specifically include:

- A. Maintain businesslike relations with Owners or occupants;
- B. Hire and terminate managing agents and other employees, agents, and independent contractors;
- C. Make contracts and incur liabilities;
- D. Regulate the use, maintenance, repair, replacement, and modification of common elements;
- E. Cause additional improvements to be made as a part of the common elements;
- F. Impose charges for late payment of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and rules and regulations of the association;
- G. Impose reasonable charges for the preparation and recordation of amendments to the declaration or statements of unpaid assessments;
- H. Provide for the indemnification of its officers and executive board and maintain directors' and officers' liability insurance;
- I. Exercise any other powers conferred by the declaration or bylaws;
- J. Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association; and
- K. Exercise any other powers necessary and proper for the governance and operation of the association.
- L. 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 of Directors. However, actions taken by a committee may be appealed to the Board of Directors by any Lot Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board of Directors at its next regular meeting.

Section 3. Budget. Within ninety days after adoption of any proposed budget for the Association, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as allowed for in the Bylaws. The Board of Directors shall give notice to the Owners of the meeting as allowed for in the Bylaws. Unless the Declaration or Bylaws require otherwise, the budget proposed by the Board

of Directors does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by a majority of all Owners, whether or not a quorum is present. A vote of 67% of the members attending the meeting, in person or by proxy, is required to veto the budget. In the event that the proposed budget is vetoed, the periodic budget last proposed by the executive board and not vetoed by the Lot owners must be continued until a subsequent budget proposed by the Board of Directors is not vetoed by the Owners.

Section 4. **Tenure.** Each director shall hold office for a term of three years from the date of their election and until their successor shall have been elected and qualified to office, subject only to the provisions of Article III, Section 5.

Section 5. **Qualifications.** The directors shall be members of the corporation.

Section 6. **Term of Office.** Directors shall be elected at each annual meeting and shall serve for a term of three years. Director terms are staggered so that no more than three Directors are elected in any given year to stagger terms and provide for continuity.

Section 7. **Elections.** Elections for the Board of Directors shall be by ballot, either oral or written, with the person receiving the highest number of ballots cast for such director vacancy being elected.

Section 8. **Vacancies.** The Board of Directors is empowered to fill any vacancy that may occur in its own body, or among the officers of the corporation, and the person so appointed to such office shall hold that office until the expiration of the term of the person they succeeds.

Section 9. **Compensation.** No director or officer of the corporation shall be entitled to receive any compensation as a director or officer of the corporation, provided, however, they may be reimbursed for any actual expenses incurred in the performance of their duties as a director or officer.

Section 10. **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors.

Section 11. **Special meetings.** Special meetings of the Board of Directors may be called by the president or any two directors. Such special meeting shall be held at a time and place designated in the notice of such meeting.

Section 12. **Telephonic meetings.** All members of the Board of Directors may participate in a meeting of the Board by means of conference or telephone or similar

communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 13. **Electronic meetings.** The Board of Directors may participate in a meeting of the Board by means of e-mail correspondence by which all directors are copied on the e-mail correspondence and a quorum of the Board participates in the electronic meeting. Action taken pursuant to an electronic meeting is effective if the action taken is signed by all directors. Electronic signatures are acceptable. A director has a right to demand that action not be taken without a meeting. That right is deemed waived if a majority of the directors vote to approve the action taken. Any action taken pursuant to this section has the same effect as action taken at a meeting of the directors.

Section 14. **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. That act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number of directors is required by the Articles of Incorporation, the statutes of the State of Colorado or the Declaration of Protective Covenants of Timberdale Ranch.

Section 15. **Notice.** Notice of any meeting of the Board of Directors shall be given at least ten days prior thereto by written notice by mailing the same by United States mail or delivered via e-mail to the address of the director as it appears on the membership register of the corporation. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the expressed purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in a waiver of notice of such meeting. Notice of Board meetings shall be provided to members by posting on the website, by e-mail, or by United States mail.

Section 16. **Removal.** Directors may only be removed at a meeting of the membership called in accordance with the requirements of Article III, Section 2 and 3 hereof. The entire Board of Directors or a lesser number may be removed, with or without cause, by a vote of a majority of the members present at such meeting in person or by proxy and in good standing.

Section 17. **Meetings Open to Members.** All meetings of the Board of Directors of the corporation shall be open to any members of the corporation who may attend such meetings but subject to the condition that they may not participate in any action taken by the Board of Directors.

Section 18. **Executive Sessions**. From time to time as necessary, the Board of Directors may call an Executive Session. Executive Sessions are not open to members and will be called only for the following reasons: 1)employment issues; 2) consultation with legal counsel regarding disputes that are part of a legal action or imminent legal proceedings; 3) investigative proceedings concerning possible criminal misconduct; 4) matters where disclosure would constitute unwarranted invasion of individual privacy; 5) an issue protected from public disclosure (constitutionally, statutorily or judicially imposed privacy issues).

Section 19. **Working Sessions**. From time to time as the Board of Directors deems necessary, a Working Session may be held. No formal action will be adopted by the Board of Directors as a result of a Working Session until the issue is presented at a Board meeting with notice provided to members of the matter, permitting members to comment on the issue prior to the Board taking action.

ARTICLE V Officers

Section 1. **Number.** The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the office of president and secretary.

Section 2. **Tenure.** The officers set forth in Section 1 of this Article shall be elected at the annual meeting of the Board of Directors of the corporation and shall hold office until the next annual meeting of the Board of Directors and until their successors have been elected and qualified.

Section 3. **Qualifications.** The officers, president, vice president(s), secretary and treasurer shall be members of the Board of Directors. Any additional officers elected or appointed by the Board of Directors need not be members of the Board of Directors or of the corporation.

Section 4. **Election.** The officers of the corporation shall be elected by the Board of Directors by ballot, oral or written, with the person receiving the majority of the ballots cast for such office being declared elected.

Section 5. **Vacancy.** A vacancy in any office because of the death, resignation, removal, disqualification or inability to act shall be filled by the Board of Directors for the unexpired term of that office.

Section 6. **President.** The president shall be the principle executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. They shall, when present, preside at all meetings of the members and of the Board of Directors. They may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, deeds, mortgages, contracts, or other instruments, and with the secretary may prepare, execute, certify, and record amendments to the declaration on behalf of the association, and in general, shall perform all duties incident to the office of the president and such other duties as may be prescribed in the Board of Directors from time to time.

Section 7. **Vice President.** In the absence of the president, or in the event of their death or inability or refusal to act, the vice president shall perform the duties of the president, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the president and assigned to them by the president and shall perform

such other duties as from time to time may be assigned to them by the president or by the Board of Directors.

Section 8. Secretary. The secretary shall: (a) keep the minutes of the members' meetings and of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws; (c) be custodian of the corporate records; and (d) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the president or by the Board of Directors. The Board of Directors may delegate a portion of the Secretary's duties to a Property Manager, including but not limited to keeping minutes of meetings, giving notice, and acting as custodian of corporate records.

Section 9. Treasurer. The treasurer shall: (a) if required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of their duties in such sum and with such surety or sureties as the Board of Directors shall determine; (b) they shall be responsible for all funds of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever; deposit all such monies in the name of the corporation in such banks as shall be selected in accordance with the provisions of Article VI of the Bylaws; sign checks and drafts for the payment of corporate funds; and (c) in general, perform all of the duties as from time to time may be assigned to them by the president or by the Board of Directors. The Board of Directors may delegate a portion of the Treasurer's duties to a Property Manager, including but not limited to receiving and giving receipts for monies due and payable to the corporation from any source whatsoever and depositing all such monies in the corporation's bank accounts.

Section 10. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby. Such removal can be accomplished at any special meeting of the Board of Directors called in accordance with the requirements of Article IV, Section 11 and 15. Such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

ARTICLE VI

Contracts, Loans, Checks and Deposits

Section 1. Contracts. The Board of Directors may authorize, by resolution, any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. **Loans.** No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. Provided, however, in no event shall the Board of Directors authorize or approve any loans on behalf of the corporation in excess of \$50,000.00 without prior approval and affirmative vote of the membership attending an annual or special meeting of the members, with a quorum present and notice provided in accordance with these Bylaws.

Section 3. **Checks, Drafts, etc.** The Directors may delegate bookkeeping tasks to a bookkeeper. Any check, draft or other orders for payment of money, notes or other evidence of indebtedness issued in the name of the corporation shall be signed by any of the following officers of the corporation: President, Vice-President, and/or Treasurer.

Section 4. **Deposits.** All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may elect.

ARTICLE VII

Fiscal Year

The fiscal year of the corporation shall begin on the 1st day of October and terminate on the 30th day of September of each year.

ARTICLE VIII

Waiver of Notice

Whenever notice is required to be given to any member or director of the corporation under any provision of these bylaws or under the provisions of the laws of the State of Colorado, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX

Indemnification of Officers and Directors

The corporation shall indemnify every officer or director, their heirs, executors and administrators, against all loss, costs and expense, including counsel fees reasonably incurred by them in connection with any action, suit or proceeding to which they may be made a party by reason of their being or having been an officer or director of the corporation, except as to matters as to which they shall be finally adjudged by such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with

such matters covered by the settlement as to which the corporation is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of their duties as such officer or director in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be entitled. All liability, loss, damage, costs and expenses incurred or suffered by the corporation by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the corporation as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the corporation to indemnify any member or owner of a lot who is or has been an officer or director of the corporation with respect to any duties or obligations assumed or liabilities incurred by them under and by virtue of the Declaration of Protective Covenants of Timberdale Ranch as an owner of a lot covered hereby.

ARTICLE X Obligation of the Owners

Section 1. **Assessments.** Except as is otherwise provided in the Declaration of Protective Covenants of Timberdale Ranch, all owners shall be obligated to pay the regular and any special assessments imposed by the corporation to meet common expenses. A member shall be deemed to be in good standing and entitled to vote at the annual meeting or at a special meeting of members, within the meaning of the Bylaws, if and only if they shall have fully paid all assessments made or levied against them and the lot owned by them. The corporation shall have the authority to impose liens for nonpayment as set forth in the governing documents of the Association. Regardless of the filing of a lien statement as set forth in the said Declaration, the corporation shall have a priority lien from the time of assessment as provided by the Colorado Common Interest Ownership Act.

Section 2. **Rules and Regulations.** The Board of Directors shall have the power to establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of the subdivision with the right to amend the same from time to time in accordance with the governing documents of the Association.

ARTICLE XI Amendments

These Bylaws may be altered, amended or repealed and new bylaws adopted by the Board of Directors at any regular meeting upon an affirmative vote of not less than two-thirds of the Board of Directors AND ratification by 2/3 of the Homeowners in attendance at the subsequent Annual Meeting.