

BYLAWS
OF
REDSTONE CANYON ASSOCIATION

ARTICLE I
DEFINITIONS

The name of the corporation is "Redstone Canyon Association," hereinafter referred to as the "Association." The principal office of the corporation shall be located at 10437 Grosbeak Road, Loveland, Colorado 80538, but meetings of Members and Directors may be held at such places within Larimer County, Colorado, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Redstone Canyon Association, a Colorado Nonprofit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Articles of Incorporation and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Facilities" shall mean and refer to all real and personal property owned by the Association for the common use and enjoyment of the Owners and described as follows:

- (a) erosion control dams, reservoirs and easements for access thereto if any, and;
- (b) all major access roads accepted and maintained by the Association;
- (c) all gates, gate equipment (locks, chains, etc.) erected on the roads described in (b) above;
- (d) such additional facilities, works, buildings, improvements, fixtures, and other real property as may be deeded to or acquired by the Association.

Section 4. "Owner" shall mean and refer to every person or entity who is beneficial owner of a fee or undivided fee interest in any building unit which is subject to

the Covenants, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

Section 5. "Covenants" shall mean and refer to all those Covenants applicable to the property and recorded in the official records of the Clerk and Recorder of Larimer County, Colorado.

Section 6. "Members" shall mean and refer to all those persons entitled to membership as provided in the Articles of Incorporation.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Members shall be held in the month of August at a date and at a time determined by the initial Board of Directors. At that time the three Director positions whose two year terms for the unincorporated Redstone Canyon Association are scheduled to expire will be elected. The four remaining positions, previously elected to serve a two year term the previous year will serve out their terms. Subsequent annual meetings shall be set by the then existing Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or by a petition signed by one-third (1/3) of the voting members in good standing.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by or at the direction of the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least twenty (20) days before such meeting to each Member entitled to vote thereat, 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.

Section 4. Quorum. The presence at the meeting of Members entitled to vote, or of proxies entitled to vote, fifty-one percent (51%) of the entire number of votes entitled to be cast shall constitute a quorum for any action except as otherwise provided in the Article of Incorporation, the Covenants, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies current for that meeting shall be in writing and filed with the secretary.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of seven (7) Directors, who must be Members of the Association.

Section 2. Term of Office. Members of the Board will be elected and serve for two year terms.

Section 3. Vacancy. In the event of the death, resignation or removal of a Director, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 4. Action Taken Without A Meeting. The Directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the Directors. Any such action or approval shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The initial Nominating Committee shall be appointed as determined by the initial Board of Directors. 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 made from among Members of good standing.

Section 2. Election. All elections to the Board of Directors shall be made on written ballot which shall (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain a space for a write-in vote by the Members for each vacancy. Election to the Board of Directors will be held at the annual meeting by written ballot. A list of nominees, selected by the Nominating Committee, for vacant board positions will be included in the notice of the annual meeting. Additional nominations may be made from the floor. Newly elected members of the Board of Directors shall take office at the conclusion of the annual meeting.

ARTICLE VI
MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly or more frequently as needed.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any four (4) Directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Facilities;
- (b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Covenants;
- (c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members.
- (b) supervise all officers, agents, employees and appointed committees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Bylaws to:

- (1) fix the amount of the annual assessment against each building unit at least thirty (30) days in advance of each assessment period; and
 - (2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
 - (3) file a lien against any property for which assessments are not paid within sixty (60) days after due date, or to bring an action at law against the Owner personally obligated to pay the same.
- (d) issue, or to cause an appropriate office to issue, upon demand by any Member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
 - (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;
 - (g) cause the Common Facilities to be maintained;
 - (h) prepare an annual budget and assessment to be presented and acted upon at the annual meeting;
 - (i) establish criteria for acceptance of Common Facilities and roads;
 - (j) appoint a chairman for a three member architectural control committee to enforce the provisions of the covenants. The other two members are to be elected at each annual meeting;

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer or member of the Board may be removed from office with or without cause by a majority vote of the total membership as hereinafter set forth. Officers or members of the Board of Directors may be removed by a majority vote of members at a special meeting called as specified in Article III, Section 2. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in the Board of Directors may be filled by appointment of the Board. The officer appointed to such vacancy shall serve until the next annual meeting.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

- (a) **President.** It shall be the duty of the President to preside at all meetings of the Members and Directors of the Association, to sign all contracts and other instruments in writing, as authorized by the Board of Directors to be executed, and to approve the minutes of the meeting. The President shall be an ex-officio member of all committees and shall have the active management and general supervision over the affairs of the Association. The President shall perform such other duties as may be required by law, by these Bylaws, and by the Board of Directors, and in general shall perform the duties and functions usually pertaining to and vested in the President of a corporation.

- (b) Vice-President. It shall be the duty of the Vice-President in case of sickness or other disability preventing the President from performing the duties of office, to perform and discharge the duties and functions of the President, and such other duties as may be required by the Board of Directors.
- (c) Secretary. The Secretary shall be ex-officio Secretary of the Board of Directors and of all standing committees. It shall be the duty of the Secretary to give proper notice of all meetings of the Members and of the Board of Directors of the Association and to attend all such meetings and act as the clerk thereof; to keep, record and preserve the minutes of all meetings of the Members and Directors in appropriate records; to sign all such minutes as Secretary, and to perform like duties for any standing committees when required; to have custody of the records of the Association; and generally to perform such duties as usually pertain to the office of Secretary and such as may be specifically assigned by the Board of Directors. The Secretary shall also attend to the filing of all papers and reports required by law to be filed.
- (d) Treasurer. The Treasurer shall be the custodian of the funds of the Association and of all securities, valuable papers and documents connected with and pertaining to the business of the Association which shall be kept in such depositories and in such manner as directed by the Board of Directors. The Treasurer shall keep a complete and proper record and account thereof including preparation and submission of annual reports to the membership and vouchers for all funds disbursed, all of which shall be accessible for inspection by the Board of Directors, whenever they may require, of all transactions and the financial condition of the Association. At the discretion of the Board of Directors, the Treasurer may be required to give a good and sufficient bond with sureties thereon for the faithful performance of assigned duties.

**ARTICLE IX
ACCEPTANCE AND MAINTENANCE OF PRIVATE ROADS**

All primary access roads originally built by the grantor-developer, Swanson Associates, Inc., or its successors and assigns, will be private roads and will be maintained by the Association. As development of the property continues, it is anticipated that additional roads may be completed, and accepted by, the Association. The basis for acceptance shall be as defined under Appendix G – Design & Construction Standards for Private Local Access Roads, as set forth in the Larimer County Road Standards current at the time of acceptance.

**ARTICLE X
PINE BEETLE PROGRAM**

All Owners of building units agree to cooperate in a pine beetle preventive maintenance program following recommendations of the Colorado State Forest Service for such a program. If such a program is recommended, cost of the program will be underwritten by the Association. Assessment basis will be determined by the Board of Directors when the program is initiated.

**ARTICLE XI
BOOKS AND RECORDS**

The books, records and papers of the Association shall, upon reasonable notice, be subject to inspection by any Member. The Covenants, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association.

**ARTICLE XII
ASSESSMENTS**

As provided in the Articles of Incorporation and the Covenants, each Member is obligated to pay to the Association assessments, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments, which are not paid when due shall be delinquent. If the assessment is not paid within sixty (60) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of interest of twelve percent (12%) per annum and the Association may bring an action at law against the Owner personally obligated to pay the same or file the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Facilities. The Board of Directors shall establish an annual assessment per building unit, the amount to be approved by voting Members in good standing at the annual meeting.

ARTICLE XIII
AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members by vote of two-thirds (2/3) of the voting Members in good standing. Proposed amendments to the Bylaws must be presented to the Board of Directors at a regular meeting. The Secretary will mail the proposed amendments to the membership at least thirty (30) days in advance of the next regular meeting of the members or scheduled special meeting called for the purpose of voting on the proposed amendments. Voting can be by person or by proxy.

Section 2. The Covenants, Articles of Incorporation, and Bylaws control in that order in the case of any conflicts.

ARTICLE XIV
FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year.

APPROVED AND ENTERED THIS 22 DAY OF MARCH, 2004.