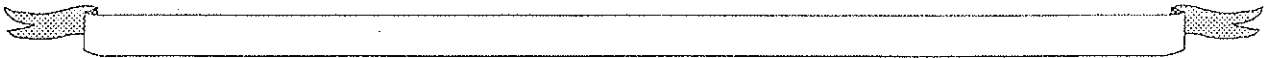


BY-LAWS
of

CUCHARA RIVER ESTATES
PROPERTY OWNER ASSOCIATION, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF

COLORADO



CORP-KIT NORTHWEST, INC.

BY-LAWS
OF
CUCHARA RIVER ESTATES
PROPERTY OWNERS ASSOCIATION, INC.

Article I. OFFICES

The name of the corporation is Cuchara River Estates Property Owners Association, Inc., a Colorado non-profit corporation, hereinafter referred to as the "Association". The principal office of the Association in the State of Colorado shall be at 419 West Main Street, Trinidad, Colorado 81082, County of Las Animas. The Association may have such other offices, either within or without the State of Colorado, as the Board of Directors may designate or as the business of the Association may require from time to time.

Article II. MEMBERS

SECTION 1. The Developer when referred to in these By-Laws is Cuchara River, LLC, a Limited Liability Company. Members when referred to in these By-Laws are those parties who purchase a tract or tracts from Developer in that certain real estate known as Cuchara River Estates subject to the Declaration of Protective Covenants recorded at reception # _____ in the records of the Clerk and Recorder of Huerfano County, Colorado on _____.

SECTION 2. Annual Meeting. The annual meeting of the Members shall be determined by the Board of Directors. The purpose of the meeting shall be to elect Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

SECTION 3. Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of not less than ten percent of all the Members of the Association.

SECTION 4. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Colorado unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Colorado, unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Colorado.

SECTION 5. Notice of Meeting. Written notice stating the place, day and hour of the meeting and, in case of special meetings, the purpose or purposes for which the meeting is called, shall unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary or the persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid, but if three successive letters mailed to the last known address of any Member of record are returned as undeliverable, no further notices to such Member shall be necessary until another address for such Member is made known to the Association.

SECTION 6. Quorum. A majority of the Members of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members. If less than a majority of the Members are represented at a meeting, a majority of the Members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

SECTION 7. Majority of Quorum. Unless otherwise expressly provided in these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

SECTION 8. Proxies. At all meeting of members, a Member may vote in person or by proxy executed in writing by Member or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association 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. Interest(s) held by a personal representative, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such membership into his name. Membership standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote a membership held by him without a transfer of such membership into his name.

SECTION 9. Informal Action by Members. Unless otherwise provided by law, any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

Article III. BOARD OF DIRECTORS

SECTION 1. Powers and Duties. The business and affairs of the Association shall be managed by its Board of Directors. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. Such powers and duties of the Board shall include but shall not be limited to the following, all of which shall be done for and on behalf of the Owners of the Tracts:

- (a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, the By-Laws of the Association and supplements and amendments thereto;
- (b) To establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of all the Tracts with the right to amend the same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member upon the adoption thereof;
- (c) To incur such costs and expenses as may be necessary to keep in good order, condition and repair all of the areas in the Property required to be maintained by the Association;
- (d) To obtain and maintain all insurance required or permitted under the Declaration or otherwise deemed advisable by the Association;
- (e) To prepare a budget for the Association in the manner set forth in the Declaration to determine the amount of the expense assessments payable by the Owners to meet the expenses of the Property, and allocate and assess such expenses among the Owners as set forth in the Declaration and to adjust, decrease or increase the amount of the expense assessments and to levy and collect special assessments;
- (f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from a Member as is provided in the Declaration and these By-Laws. The Board shall have the duty, rights, power and authority to suspend the voting rights of any member in the event that any assessment made remains unpaid more than 30 days from the due date for payment of it. Such rights shall be reinstated upon payment of all past due assessments and all interest and costs charged in conjunction with such delinquency. Such rights may also be suspended for a period not to exceed 60 days for infraction of published rules and regulations of the Association;

- (g) To borrow funds to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these By-Laws, and to execute all such instruments evidencing such indebtedness as the Board may deem necessary and, upon the written consent of the members entitled to vote, to give security therefor provided, however that security shall only be taken in the Association's property, never in the Members' property except to extent assessment remains unpaid. The Persons who shall be authorized to execute promissory notes and security instruments on behalf of the Association shall be the President or Vice President and Secretary or Assistant Secretary;
- (h) To enter into contracts to carry out their duties and powers and to hire and fire all personnel necessary for the operation, maintenance, repair and replacement of the areas for which the Association is responsible under the Declaration;
- (i) To establish a bank account or accounts for the treasury and for all separate funds of the Association that are required or may be deemed advisable;
- (j) To make repairs, additions, alterations and improvements to the areas required to be maintained by the Association;
- (k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to allow examination thereof at any reasonable time by each Member and First Mortgagees of Tracts, and to cause a certified public accountant to prepare a compilation or review financial statement of the books and records of the Association at the end of each fiscal year. At the option of the Board, an annual review or audited financial statement may be required;
- (l) To prepare and deliver annually to each Member the reports prepared under subsection (k) above;
- (m) To meet at least annually;
- (n) To supervise all officers, agents and employees of this Association, and to see that their duties are properly done;
- (o) As more fully provided in the Declaration, to:
 - (1) Recommend the amount of the annual expense assessment against each Tract;
 - (2) Send written notice of each annual expense assessment to every Owner subject thereto in the manner and at the times set forth in the Declaration; and

- (3) Foreclose the lien against any Tract for which assessments are not paid within 90 days after the due date or bring an action at law against the Owner personally obligated to pay the same;
- (p) Subject to the provisions of the Declaration: to issue or to cause an appropriate officer to issue, upon demand by a person, a certificate setting forth whether any assessment has been paid; a reasonable charge may be made by the Board of Directors for the issuance of these certificates; if a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment to that person who relies thereon to his detriment;
- (q) To cause all officers and employees having fiscal responsibilities to be bonded, if and as it may deem appropriate;
- (r) Employ the services of a manager or managing agent, or both, and such independent contractors or other employees as they deem necessary, and delegate any of their duties to such persons; provided, however, when so delegated, the Board of Directors shall not be relieved of its responsibilities under the Declaration, the Articles of Incorporation or these By-Laws; and
- (s) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable to carry out the governing and the operation of the Property.

SECTION 2. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Articles of Incorporation, these By-Laws or the Rules and Regulations adopted pursuant hereto, 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 thereafter.

SECTION 3. Number, Tenure and Qualifications. The number of Directors of the Association shall be no less than one or more than ten. The number of Directors shall be set at any special or annual meeting of Directors, but the members shall be three until changed at a subsequent meeting of Directors. Each Director shall hold office until the next annual meeting of Members and until his successor shall have been elected and qualified.

SECTION 4. Control of Property Owners Association. Notwithstanding anything else contained herein to the contrary, until the later of all infrastructure and amenities are complete or as long as Developer owns in fee simple greater than twenty (20) percent of the property subject to the Covenants, including any subsequently annexed property, the Developer shall be entitled to appoint the majority of the Directors on the Board of Directors for the Property Owners Association entitled to be elected pursuant to the By-Laws, with the remaining Directors elected by the Owners.

SECTION 5. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as the annual meeting of Members. The Board of Directors may provide, by resolution, fix the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any Director. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for holding any special meeting of the Board of Directors called by them.

SECTION 7. Telephone Meetings. Members of the Board of Directors or any committee designated by the Board may participate in any meeting of the Board or Committee by means of conference 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 8. Notice. Notice of any special meeting shall be given at least *three seven* days previously thereto by written notice delivered personally or mailed to each Director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. 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 express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 9. Quorum. A majority of the number of Directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present of a meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 10. Manner of Acting. The 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.

SECTION 11. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so be taken, shall be signed by all of the Directors.

SECTION 12. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of Directors by the Members.

SECTION 13. Compensation. By resolution of the Board of Directors, each Director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as Director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

SECTION 14. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action or any Association matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Article IV. OFFICERS

SECTION 1. Number. The officers of the Association shall be a President, a Vice-President, if elected by the Board of Directors, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors.

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 offices of President and Secretary. The officers of the Association shall be natural persons of the age of eighteen years or older.

SECTION 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the First meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members and the Board of Directors, unless a different Chairman has been otherwise designated or elected. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice-President. In the absence of the President or in the event of death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such Member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these By-Laws; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of these duties in such sum and with such surety or sureties as the Board of Directors shall determine.

SECTION 9. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Association.

Article V. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize 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 Association, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association 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.

SECTION 3. Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings institutions, trust companies or other depositories as the Board of Directors may select.

Article VI. FISCAL YEAR

The fiscal year of the Association shall begin on January 1, and end on December 31 in each year.

Article VII. CORPORATE SEAL

The Board of Directors shall provide an Association seal which shall be either circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the word "Seal", or shall be a rubber seal in substantially the same form as provided above.

Article VIII. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Member or Director of the Association under the provisions of these By-Laws or under the provisions of the Colorado Revised Non-Profit Corporation Act, 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.

