

BYLAWS

OF

RIVERBEND SUBDIVISION HOMEOWNER'S ASSOCIATION INC.

ARTICLE I.

Purposes and Objects

Section 1. Purposes and Objects. The purpose for which this non-profit Association is formed is to govern Riverbend Subdivision, situate in Gunnison County, Colorado, in accordance with the terms and conditions of the Protective Covenants for Riverbend Subdivision, the Articles of Incorporation and the Bylaws of this Association.

Section 2. Compliance. All present or future owners, tenants, future tenants or any other person who might use or occupy the property within said subdivision in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the real property within said subdivision or the mere act of occupancy thereof will signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE II.

Membership

Section 1. Automatic Membership. The owner of any lot within Riverbend Subdivision, upon becoming such owner, shall be entitled and required to be a member of the Association and shall remain a member of the Association for the period of ownership of such lot.

Section 2. Number of Members. There shall be one membership and one vote in the Association for each single family lot within the Subdivision, and there shall be two memberships and two votes in the Association for each multi-family "M" Lot as shown on the official recorded plat of the Subdivision. Membership in the Association shall be appurtenant to the ownership of lots within the subdivision, and shall be transferred automatically by a conveyance of that subdivision lot to the new owner. The Association has no right to control, restrict, or inhibit the conveyance of any lots within Riverbend Subdivision, and may not claim any right of first refusal as to such conveyance to any new owner.

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 or transfer of the subdivision 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 any subdivision lot.

Section 4. Person. The term person for the purpose of this Article shall include a corporation, partnership, trust, joint venture or other legal entity which has valid title to any subdivision 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 and as an officer of the Association.

Section 5. Termination. Such membership shall terminate without any formal Association action whenever such person ceases to own a subdivision lot, but such termination shall not relieve or release any such former lot from any liability or obligation incurred under or in any way connected with Riverbend Subdivision during the period of such ownership and membership in this Association, or impair any rights or remedies which the board of directors of the Association 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 Association shall be held on the second Tuesday of July of each year beginning with the year 1976 at the hour of 10:00 a.m. for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. Said annual meeting shall be in a place as designated by the board of directors, except that if no designation is made, annual meetings shall be held at the principal office of the Association.

Section 2. Special Meetings. Special meetings may be called at any time by the board of directors or upon a petition signed by a majority of the members. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths of the owners present, either in person or by proxy.

Section 3. Notice of Meetings. Notice of the date, place and time of the annual meeting, shall be given to each member of the Association at least fifteen days prior thereto, either by delivering such notice to the member personally, or by mailing the same to him by United States mail. 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 membership register of the Association, with postage prepaid thereon.

Section 4. Quorum. A majority of the members of the Association in good standing and in actual attendance in person or by proxy at any annual or special meeting of the Association shall constitute a quorum at such meeting for the purpose of transacting business. If a quorum be present, the affirmative vote of the majority of the members present at such meeting in person or by proxy and entitled to vote on the subject matter shall be the act of the membership, unless the vote of a greater number is required by the Articles of Incorporation, or the laws of the State of Colorado.

Section 5. Voting of Proxies. At all meetings of the members, a member may vote by proxy executed in writing by the member or his duly authorized attorney in fact. Such proxy shall be filed with the secretary-treasurer 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.

Section 6. Cumulative Voting. Cumulative voting for directors shall not be allowed.

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. Election of directors,
6. Unfinished business,
7. New business,
8. Adjournment.

Section 8. Majority of Members. The term "majority of members" shall mean the owners of more than fifty percent of the subdivision lots.

ARTICLE IV.

Board of Directors.

Section 1. Number of Directors. The number of directors shall be three (3).

Section 2. Powers and Duties. The board of directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the subdivision. Such powers and duties shall include, but not be limited to, the following:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Protective Covenants of Riverbend Subdivision and the Articles of Incorporation of this Association.

(b) To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, maintenance, use and occupancy of the subdivision. Such rules and regulations are subject to amendment by the board of directors at any regular or special meeting. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof, and to any prospective lot purchaser upon request.

(c) To keep in good order, condition, and repair all of the utility systems, easements, roads, streets, and public areas within the subdivision.

(d) To set the rates for use of, and enter into appropriate agreements for the use of, the sewage system within the subdivision, and to enforce collection of rates.

(e) To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the owners towards the gross expenses of the entire premises, and by majority vote of the board of directors to adjust, decrease or increase the amount of monthly assessments over expenses and cash reserves due the owners at the end of each operating year. To levy and collect special assessments whenever in the opinion of the board of directors it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. Such assessments shall be based upon the expected costs of complying with the duties and obligations of the Association as set forth herein, based upon such costs in previous years, and the experience of the directors.

(f) To collect delinquent assessments by suit or otherwise.

(g) To borrow funds in order to pay for any expenditure or outlay required and to execute all such instruments evidencing such indebtedness as the board of directors may deem necessary, and such indebtedness shall be the several obligation of all the owners.

(h) To enter into contracts within the scope of their duties and powers.

(i) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the board of directors.

(j) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners.

(k) To prepare and deliver annually to each owner a statement showing all receipts, expenses or disbursements since the last such statement.

(l) To meet at least once each year.

(m) To engage the personnel necessary for the maintenance and operation of the sewer system, if the same is deemed necessary by the board.

(n) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the purposes of the Association.

Section 3. Tenure. Each director shall hold office for a term of three years from the date of his election and until his successor shall have been elected and qualified to office, subject only to the provisions of Article IV, Section 5.

Section 4. Qualification. The directors shall be members of the Association.

Section 5. Term of Office. Directors shall be elected at each annual meeting and shall serve for a term of three years, as above provided. Provided, however, that at the organization meeting of the Association, two directors shall be elected for a term of three years; two directors shall be elected for a term of two years and two directors shall be elected for a term of one year. Thereafter, two directors shall be elected at each annual meeting to fill the vacancy of the directors whose term expires in that year.

Two members of the board of directors shall be elected by the members owning single family residential lots. One member of the board of directors shall be elected by the members owning multiple family "M" lots.

Section 6. 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 declared elected.

Section 7. Vacancies. The board of directors is empowered to fill any vacancy that may occur in its own body, or among the officers of the Association, and the person so appointed to such office shall hold that office until the expiration of the term of the person he succeeds. Any vacancy shall be filled in such manner as to preserve the representation reflected in Article IV, Section 5.

Section 8. Compensation. No director shall be entitled to receive any compensation as a director of the Association; provided, however, that he may be reimbursed for any actual expenses incurred in the performance of his duties as such director.

Section 9. Chairman and Secretary-Treasurer. The president of the Association shall be the chairman of the board of directors and the secretary-treasurer of the Association shall be the secretary-treasurer of the board of directors.

Section 10. Regular Meetings. The regular annual meeting of the board of directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the members of the Association.

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. Quorum. A majority of the board of directors, as provided in Section 1 of this Article, shall constitute a quorum for the transaction of business at any meeting of the board of directors. The act of the majority of the directors present at a meeting 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 or the statutes of the State of Colorado.

Section 13. Notice. Notice of any regular meeting or any special meeting of the board of directors shall be given at least ten days previous thereto by written notice delivered personally to a director or mailed to each director by United States mail at his address as shown on the membership roll of the Association. 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.

Section 14. Action of Directors without Meeting. No action required to be taken, or any action which may be taken, at a meeting of the board of directors, may be taken without a meeting, unless consent in writing setting forth the action so taken is executed by not less than two directors.

Section 15. Removal. Whenever it appears to the membership to be in the best interests of the Association that a director be removed from office, such removal can be affected in the manner set forth in the statutes of the State of Colorado.

ARTICLE V.

Officers

Section 1. Number. The officers of the Association shall be a president, a vice president and a secretary-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 offices of president and secretary-treasurer.

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 Association 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, and secretary-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 of the Association.

Section 4. Election. The officers of the Association 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 portion of the term of that office.

Section 6. 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 of the board of directors. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the board of directors, deeds, mortgages, contracts or other instruments, 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 7. Vice President. In the absence of the president, or in the event of his 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 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 8. Secretary-Treasurer. The secretary-treasurer shall keep accurate minutes of the shareholders' and the board of directors' meetings and shall have the care and custody of the money, funds, valuable papers and documents of the Association. He shall keep or cause to be kept a register of the shareholders of the Association and shall be responsible for the giving of notice of meetings of the shareholders or of the board of directors. The secretary-treasurer shall be the custodian of the records and of the seal of the corporation and shall attest the affixing of the seal of the corporation when so authorized. He shall keep accurate books of account of the Association's transactions, which shall be the property of the Association, and shall render financial reports and statements of condition of the Association when so requested by the board of directors or president. The secretary-treasurer shall perform all duties commonly incident to his office and such other duties as may from time to time be assigned to him by the president.

Section 9. Salaries. Officers of the Association may receive salary or compensation for their services in such office, if in the discretion of the board of directors, it is deemed necessary and reasonable.

ARTICLE VI.

Contract, Loans, Checks and Deposits, and Books and Records.

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 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 payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by any of the following officers of the Association.

President
Vice President
Secretary-Treasurer

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, trust companies, or other depositories as the board of directors may elect.

Section 5. Books and Records. The books and records of the Association shall be open to inspection by the members, and their mortgagees, at convenient weekday business hours at the office of the Association.

ARTICLE VII.

Fiscal Year

The fiscal year of the Association shall begin on the 1st day of January and terminate on the 31st day of December of each year.

ARTICLE VIII.

Seal

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the word, "SEAL".

ARTICLE IX

Waiver of Notice

Whenever any notice is required to be given to any member or director of the Association under the provisions 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 X.

Indemnification of Officers and Directors

The Association shall indemnify every officer or director, his heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or

having been an officer or director of the Association, except as to matters as to which he shall be finally adjudged in 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 Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his 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 Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any member or owner of a subdivision lot who is or has been an officer or director of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Articles of Incorporation or these Bylaws as a member or owner of a subdivision lot covered thereby.

ARTICLE XI.

Obligation of the Owners

Section 1. Assessments. All owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses. The assessments shall be made according to the number of memberships attributable to each lot within the subdivision, and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual meeting or at a special meeting of members, within the meaning of these Bylaws, if and only if he shall have fully paid all assessments made or levied against him and the subdivision lot owned by him.

ARTICLE XII.

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 entire membership of the board of directors.

Secretary-treasurer