

BYLAWS
OF
SLATE RIVER ESTATES HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION. The name of the Association is Slate River Estates Homeowners Association, hereinafter referred to as the "Association". The principal office of the corporation shall be located at 110 East Virginia Avenue, Gunnison, CO. 81230, but meetings of members and directors may be held at such places within the State of Colorado, County of Gunnison, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Slate River Estates Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Protective Covenants of Slate River Estates, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Public Areas" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to those lots shown upon the plat of the recorded subdivision with the exception of the public areas.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the properties, excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Covenants" shall mean and refer to the Protective Covenants of Slate River Estates, recorded in the Office of the Clerk and Recorder of Gunnison County, Colorado.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the 10th day of August of each year thereafter, at the hour of four o'clock p.m. unless otherwise fixed in the notice of such meeting.

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 upon written request of a majority of the members.

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, either by delivering such notice to the member personally, or by mailing a copy of such notice, postage prepaid, at least 15 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 a majority of the members entitled to cast, or of proxies entitled to cast, the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Protective 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 from time to time, 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 shall be in writing and filed with the secretary, before or at the time of the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot or expiration of eleven months from the date of execution, whichever is sooner.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of three (3) directors, who must be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one director for a term of one year, one director for a term of two years and one director for a term of three years; and at each annual meeting thereafter the members shall elect one director for a term of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. 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 action so approved 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. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each meeting. 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 must be made from among members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation. The person receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without any additional notice immediately after the annual meeting of the members.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the president of the Association, or by any two 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 public areas and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in

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(b) Suspend the voting rights and right to use of the recreational facilities of a member during any period in

which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) 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;

(d) 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; and

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Covenants, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(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) Foreclose the lien against any property for which assessments are not paid within thirty (30) 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 officer to issue, upon demand by any person, 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 public areas to be maintained.

(h) Honor the agreement with Riverbend Homeowners' Association, dated March 15, 1980.

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-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 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 may be removed from office with or without cause by the Board. Any officer may resign at any time 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 any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer shall 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. The president shall be the chairman of the Board and shall preside at all meetings of the Board of Directors. He shall see that orders and resolutions of the Board are carried out and shall sign all leases, mortgages, deeds and other written instruments and co-sign all promissory notes.

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) 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 members of the Association and shall be responsible for giving notice of meetings of the membership or 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.

(d) 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 IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Covenants, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, 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, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Covenants, each member is obligated to pay to the Association annual and special 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 thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 6 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose 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 waiver or otherwise escape liability for the assessments provided herein by nonuse of the public areas or abandonment of his lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having inscribed thereon the name of the Association and the state of incorporation and the word "SEAL".

ARTICLE XIII

AMENDMENTS

Section 1. These bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of the members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these bylaws, the Articles shall control; and in the case of any conflict between the Covenants and these bylaws, the Covenants shall control.

ARTICLE XIV.

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 XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS


The Association shall indemnify every officer or director, his heirs, executors and administrators, against all loss, costs and expenses, 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 expense 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 XVI

FISCAL YEAR

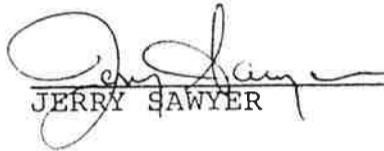
The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all the directors of the Slate River Estates Homeowners Association, have hereunto set our hands this 16th day of October, 1980.



ELTON L. HILT

JOHN W. LILL



JERRY SAWYER