

**BYLAWS
OF**

**SAWYER RIDGE OWNERS' ASSOCIATION, INC.
A Nonprofit Corporation**

**ARTICLE 1
INTRODUCTION**

These are the bylaws ("Bylaws") of Sawyer Ridge Owners' Association, Inc., a nonprofit corporation ("Association"), which shall operate under the Colorado Nonprofit Corporation Act, and the Colorado Common Interest Ownership Act, as amended ("Act") to operate the common interest Ownership community known as Sawyer Ridge ("Sawyer Ridge") located in the County of Pueblo, Colorado. The capitalized terms used in these Bylaws which are not defined in these Bylaws shall have the same meaning as set forth in the Declaration of Protective Covenants, Conditions and Restrictions of Sawyer Ridge, Pueblo County, Colorado recorded in the real property records of Pueblo County ("Covenants").

**ARTICLE 2
Owners**

Section 2.1 Annual Meeting. Annual meetings of Owners shall be held in **January**, at such date set forth in the notice. At these meetings, the Directors shall be elected by a vote of the Owners, in accordance with the provisions of the Bylaws. The Owners may transact other business as may properly come before them at these meetings.

Section 2.2 Budget Meeting. Meetings of Owners to consider proposed budgets shall be called as required by the Act, in accordance with this Section 2.2. Within thirty (30) days after adoption of any proposed budget for Sawyer Ridge, 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 ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at the meeting the vote of sixty-seven percent (67%) of the Common Interest Percentages (as defined in the Covenants) rejects the budget the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 2.3 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Board of Directors or by Owners comprising 20 percent of the votes in the Association.

Section 2.4 Place of Meetings. Meetings of the Owners shall be held at a Site on Sawyer Ridge as specified by the Board of Directors or the president, or may be adjourned to a suitable place

convenient to the Owners as may be designated by the Board of Directors or the president.

Section 2.5 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Owners to be hand-delivered or sent prepaid by United States mail to the mailing address of each Site or to any other mailing address designated in writing by the Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda. No action shall be adopted at a meeting except as stated in the notice.

Section 2.6 Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 2.7 Adjournment of Meeting. At any meeting of Owners, a Majority of the Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 2.8 Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (a) Roll call (or check -in procedure);
- (b) Proof of notice of meeting or proof of waiver of notice;
- (c) Reading and approval of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of Ownerships of the Board of Directors (if required and noticed);
- (f) Election of Directors of the Board of Directors (when required);
- (g) Ratification of budget (if required and noticed);
- (h) Unfinished business;
- (i) New business; and
- (j) Adjournment.

Section 2.9 Voting.

(a) Notwithstanding anything contained in the Articles or these Bylaws to the contrary, until the Owner of the Site shall deliver to the secretary of the Association a certified copy of the recorded deed or other recorded instrument establishing record title to a Site, such Owner shall have no right to vote.

(b) Notwithstanding anything to the contrary contained in the Articles of these Bylaws, the Owner of a Site shall have no right to vote if the Owner has failed to pay to the Association any assessments imposed by the Association pursuant to the terms of the Covenants or if the Owner otherwise is in default of the provisions of the Covenants.

(c) If only one of multiple Owners of a Site is present at a meeting of the Association, the Owner present is entitled to cast all the votes allocated to the Site. If more than one of the Owners are present, the votes allocated to the Site may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the Owners casts the votes allocated to the Site without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Site. If protest is made to the vote of one of the Owners by another Owner of the Site, the vote for that Ownership shall not count.

(d) Votes allocated to a Site may be cast under a proxy duly executed by an Owner. If a Site is owned by more than one person, each Owner of the Site may vote or register protest to the casting of votes by the other Owners of the Site through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this section except by written notice of revocation or actual notice delivered during the meeting to the person presiding over a meeting of the Association, or by the Owner's presence at such meeting. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven (11) months after its date, unless it provides otherwise.

(e) The vote of a corporation, trust or limited liability company may be cast by any officer of the corporation, trustee of the trust or manager of the limited liability company in the absence of express notice of the designation of a specific person by the corporation, trust or limited liability company. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, trust or limited liability company Owner is qualified to vote.

(f) Votes allocated to a Site owned by the Association may not be cast.

Section 2.10 Quorum. Except as otherwise provided in these Bylaws, a quorum is deemed present throughout any meeting of the Association of Owners of five Sites.

Section 2.11 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 Covenants, these Bylaws or by law.

ARTICLE 3 BOARD

Section 3.1 Number and Qualification -- Termination of Declarant Control

(a) The affairs of Sawyer Ridge and the Association shall be governed by the Board of Directors. During the Period of Declarant Control (as defined in the Covenants), the Declarant, or persons designated by him or her, may appoint and remove two Owners of the Board

of Directors. No later than 60 days after conveyance of six Sites to Owners other than the Declarant, one member of the Board of Directors shall be elected by Owners other than Declarant. This Owner-elected member shall be in addition to the two Owners of the Board of Directors that the Declarant may appoint during the Period of Declarant Control. Not later than the expiration of the Period of Declarant Control, Owners shall elect a Board of Directors consisting of three Owners, at least a majority of which must be Owners other than the Declarant or designated representatives of the Declarant. One of the Directors shall be elected for a term of three years; one of the Directors shall be elected for term of two years; and one of the Directors shall be elected for a term of one year. At the expiration of the initial term of office of each member of the Board of Directors, and at each annual meeting thereafter, a successor shall be elected to serve a term of three years.

(b) If any Site is owned by a partnership, corporation, limited liability company or trust, any officer, partner, employee, manager or trustee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for the purposes of this Section 3.1. Directors shall be elected by the Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are consistent with these Bylaws and the Colorado Nonprofit Corporation Act for conducting the elections.

(c) The Board of Directors shall elect the officers. The Directors and officers shall take office upon election.

(d) At any time after Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 60 days' notice to the Owners for this purpose. This meeting may be called and the notice given by any Owner if the Association fails to do so.

Section 3.2 Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Covenants, these Bylaws or the Act. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and of Sawyer Ridge, including the following powers and duties:

- (a) Adopt and amend bylaws and rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for common expenses from Owners;
- (d) Hire and terminate managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;

(f) Institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting Sawyer Ridge;

(g) Make contracts and incur liabilities;

(h) Regulate the use, maintenance, repair, replacement and modification of the Roadway Easements and Signage Easements (as defined in the Covenants);

(i) Cause additional improvements to be made as a part of the Roadway Easements and Signage Easements;

(j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property;

(k) Grant easements, leases, licenses and concessions, through or over any real property owned or leased by the Association;

(l) Impose and receive any payments, fees or charges for the use, rental or operation of the any real property owned or leased by the Association;

(m) 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 Covenants, Bylaws, rules and regulations of the Association;

(n) Impose reasonable charges for the preparation and recordation of amendments to the Covenants or statements of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and the Board of Directors and maintain directors' and officers' liability insurance;

(o) Assign its rights to future income, including the right to receive assessments pursuant to the Covenants;

(p) Exercise any other powers conferred by the Covenants or the Bylaws;

(q) Exercise all other power that may be exercised in Colorado by non-profit corporations; and

(r) Exercise any other power necessary and proper for the governance and operation of the Association.

The Board of Directors shall also have the following powers, rights and privileges necessary for the

administration of the affairs of the Association and of Sawyer Ridge:

(s) Convey fee simple title or otherwise dedicate or transfer all or any part of the roadways constructed within the Roadway Easements to any public agency or authority pursuant to the terms and provisions of the Covenants;

(t) Grant an easement over the Roadway Easements to whomever the Board of Directors deems necessary for the maintenance of the Roadway Easements and for the benefit and protection of the Owners; and

(u) Install, develop, operate, maintain, repair, replace and reconstruct any and all landscaping, installations, facilities and signage necessary or desirable to enhance, promote and secure access on, through and over Sawyer Ridge pursuant to the terms and provisions of the Declaration of Signage Easements and the Reciprocal Grant of Roadway Easement (Woodhaven Ridge Road) referenced in Exhibit C attached to the Covenants.

Section 3.3 Manager. The Board of Directors may employ a Manager for Sawyer Ridge, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors. The Board of Directors may delegate to the Manager only the powers granted to the Board of Directors by these Bylaws under Section 3.2, subparts (c), (e), (f) and (g). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget.

Section 3.4 Removal of Directors. The Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors, other than a member appointed by the Declarant, with or without cause.

Section 3.5 Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a director by a vote of the Owners, may be filled at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

(a) As to vacancies of directors whom Owners other than the Declarant elected, by a majority of the remaining elected directors constituting the Board of Directors; and

(b) As to vacancies of directors whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall be a director for the remainder of the term of the director so replaced.

Section 3.6 Regular Meetings. The first regular meeting of the Board of Directors following each annual meeting of the Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Owners at the meeting at which the Board of Directors shall have been elected. No notice shall be necessary to the newly elected directors in order to legally constitute such meeting, provided a majority of the directors are present. The Board of Directors may set a schedule of additional regular meeting by resolution, and no further notice is necessary to constitute regular meetings.

Section 3.7 Special Meetings. Special meetings of the Board of Directors may be called by the president, or by a majority of the Board of Directors on at least three business days notice to each director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 3.8 Location of Meetings. All meetings of the Board of Directors shall be held at a site on Sawyer Ridge as specified by the president of the Board of Directors, unless all directors consent in writing to another location.

Section 3.9 Waiver of Notice. Any director may waive notice of any meeting in writing. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice. If all the directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 3.10 Quorum of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.11 Consent to Corporate Action. If all the directors or all directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Board of Directors.

Section 3.12 Telephone Communication in Lieu of Attendance. A director may attend a meeting of the Board of Directors by using an electronic or telephonic communication method whereby the director may be heard by the other Owners and may hear the deliberations of the other Owners on any matter properly brought before the Board of Directors. The director's vote shall be counted and the presence noted as if that director were present in person on that particular matter.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be directors. Any two offices may be held by the same person except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall hold office at the pleasure of the Board of Directors.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Owners and of the Board of Directors. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Covenants and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Board of Directors shall appoint some other director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Board of Directors or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Board of Directors. The secretary shall have charge of the Association's books and papers as the Board of Directors may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Covenants and the Bylaws on behalf of the Association, following authorization or approval of the

particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board of Directors. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two directors, one of whom may be the treasurer if the treasurer is also a director.

Section 4.8 Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7, and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Board of Directors.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of the Act. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. Any unpaid fees may be assessed as a Common Interest against the Site for which the certificate or statement is furnished.

ARTICLE 5 ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Owners. The violation of any of the rules and regulations adopted by the Board of Directors or the breach of any provision of the Covenants shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

(a) To enter the Site in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Site) that is existing and creating a danger contrary to the intent and meaning of the provisions of the

Covenants. The Board of Directors shall not be deemed liable for any manner of trespass by this action; or

(b) To enjoin, abate or remedy by appropriate legal proceedings either at law or in equity, the continuance of any breach.

Section 5.2 Fine for Violation. By resolution, following notice and hearing, the Board of Directors may levy a fine of up to \$25.00 per day for each day that a violation of the Documents or rules and regulations persists after notice and hearing, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Board of Directors.

ARTICLE 6 INDEMNIFICATION

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7 RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. The cost of any audit shall be a Common Interest unless otherwise provided in the Covenants.

Section 7.2 Examination. All records maintained by the Association or the manager hired by the Association shall be available for examination and copying by any Owner, any holder of a security interest in a Site or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 Records. The Association shall keep the following records:

(a) An account for each Site, which shall designate the name and address of each Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Site, the amount of each Common Interest assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;

(b) An account for each Owner showing any other fees payable by the Owner;

(c) A record of any capital expenditures in excess of Three Thousand dollars (\$3,000.00) approved by the Board of Directors for the current and next two succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any

reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(f) The current operating budget adopted pursuant to Section 315(1) of the Act and ratified pursuant to the procedures of Section 303(4) of the Act;

(g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(h) A record of insurance coverage provided for the benefit of Owners and the Association;

(i) A record of any alterations or improvements to Sites which violate any provisions of the Covenants of which the Board of Directors has knowledge;

(j) A record of any violations, with respect to any portion of Sawyer Ridge, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board of Directors has knowledge;

(k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements, if any;

(l) Balance sheets and other records required by local corporate law;

(m) Tax returns for state and federal income taxation;

(n) Minutes of proceedings of incorporators, Owners, directors, committees of directors and waivers of notice; and

(o) A copy of the most current versions of the Covenants, Bylaws, rules, and resolutions of the Board of Directors, along with their exhibits and schedules.

ARTICLE 8 MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Board of Directors shall be delivered to the office of the Association's manager, or, if there is no manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Owners and to all holders of security interests in the Sites who have notified the Association that they hold a security interest in a Site. Except as otherwise provided, all notices to any Owner shall be

sent to the Owner's address as it appears in the records of the Association. All notices to holders of security interests in the Sites shall be sent, except where a different manner of notice is specified elsewhere in the Declaration, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Board of Directors shall establish the fiscal year of the Association.

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Association shall be at such place as the Board of Directors may from time to time designate.

Section 8.5 Working Capital. A working capital fund is to be established in the amount of two months' regularly budgeted initial Common Interest assessments, measured as of the date of the first assessment, for all Sites as they are created in proportion to their respective Common Interest. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Site's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Site is closed or at the termination of the Period of Declarant Control. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Interest assessment, with a lien on the Declarant's unsold Sites pursuant to the Act. Until termination of the Period of Declarant Control, the working capital shall be deposited without interest in a segregated fund. While the Declarant is in control of the Board of Directors, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

Section 8.6 Reserves. As a part of the adoption of the regular budget the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the maintenance of roads within Sawyer Ridge, based upon the project's age, remaining life and the quantity and replacement cost of the roads.

ARTICLE 9 AMENDMENTS TO BYLAWS

Section 9.1 The Bylaws may be amended only by vote of two-thirds of the Owners of the Board of Directors, following notice to and opportunity to comment by all Owners, at any meeting duly called for such purpose.

Section 9.2 No amendment of the Bylaws of this Association shall be adopted which

would affect or impair the validity or priority of any mortgage covering any Site or which would change the provisions of the Bylaws with respect to institutional mortgagees of record.

ATTEST: Certified to be the Bylaws adopted by consent of the Directors of The Sawyer Ridge Owners' Association, Inc., dated _____, 2005.

_____, Secretary