

BYLAWS
OF
THE HOMESTEAD OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is THE HOMESTEAD OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 20 Eagle Road, Avon, Colorado 81620, but meetings of members and directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Homestead Owners Association, Inc., its successors and assigns.

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

Section 3. "Common Area" 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 any plot of land shown upon any recorded subdivision map including the Properties, EXCEPTING the Common Area, Private Open Space and private tracts as described on the plat of The Homestead Filing No. 1.

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 and/or Dwelling Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Homestead Ranch Development Corp., a Colorado corporation, and its duly designated successors or assigns.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions of The Homestead, recorded in the office of the Clerk and Recorder, County of Eagle, State of Colorado.

Section 8. "Member" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

ARTICLE III

MEETINGS 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 same day of the same month of each year thereafter, at the hour of 8:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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 the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 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 purposes 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 the Members entitled to cast, or of proxies entitled to cast, one-fifth (1/5) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Mortgagees. All first mortgagees of Lots shall have the right to designate a representative to attend all meetings of the Members of the Association.

ARTICLE IV

BOARD OF DIRECTORS – SELECTION – TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a board of five (5) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting, the Members shall elect two directors for terms of one year, two directors for terms of two years, and one director for a term of three years, and at each annual meeting thereafter the Members shall elect the same number of directors as there are directors whose terms are expiring at the time of each election, for terms of three years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority of both classes of membership of the Association. In the event of death, resignation or removal of a director, his successors 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 of 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 the 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 annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmembers.

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 upon the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any 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 Common Area and facilities thereon and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereon;
- b. suspend the voting rights and the right to use recreational facilities, if any, 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 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 Declaration;
- 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 any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A 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 Declaration, to:
 1. fix the amount of the annual assessment against each Vacant Lot and Dwelling Unit at least thirty (30) days in advance of each annual assessment period;
 2. foreclose the lien against any Lot for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same.
- a. 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;
- b. procure and maintain insurance in such amounts and in such types as the Board deems desirable, which insurance may include 1) hazard insurance for the Common Area, 2) liability insurance, and 3) fidelity insurance with respect to officers, directors and employees of the Association;
- c. cause the Common Area to be maintained; and
- d. notify in writing the first mortgagee of any Lot or Dwelling Unit, upon request, when the Owner thereof is in default in the payment of any assessment or otherwise in default of any obligation under the Declaration, Articles of Incorporation or these Bylaws and the Board has actual knowledge of such default, and said default has not been cured within sixty

(60) days after the Board has actual knowledge thereof, provided that said mortgagee has previously given notice in writing to the Association of the existence of such mortgage.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be Members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

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

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he 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 may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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

President

- (a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

- (b) 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.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Association shall appoint a Design Review Committee, subject to the provisions of the Declaration, 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 or any first mortgagee of any Lot. The Declaration, 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 Declaration, 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 18 percent per annum,

and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot or Dwelling Unit.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form within its circumference the words: THE HOMESTEAD OWNERS ASSOCIATION, INC.

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 a quorum of 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; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control and in the case of any conflict between the Articles and the Declaration, the Declaration shall control.

ARTICLE XIV

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Association shall indemnify every director and officer, and his or her heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred in connection with any action, suit, or proceeding to which such person may be made a party by reason of being or having been a director or officer of the Association, except for matters in which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct, provided, however, that such indemnity shall be limited to the amount of coverage provided to the Association by any policy of officers and directors liability insurance. 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 duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer 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. Nothing contained in this Article shall, however, be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any

duties or obligations assumed or liabilities incurred as a Member or Owner under or by virtue of the Declaration.

ARTICLE XV

MISCELLANEOUS

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

AMENDMENTS TO THE BYLAWS

OF

THE HOMESTEAD OWNERS ASSOCIATION, INC.

1. At the February 26, 1991 Annual Membership Meeting of the Homestead Owners Association, Inc., motion was made and seconded, and it was unanimously

RESOLVED, that the Bylaws of the Homestead Owners Association, Inc. be amended to allow for a verbal or show of hands vote in lieu of a written secret ballot for elections of directors.

2. At the February 25, 1992 Annual Membership Meeting of the Homestead Owners Association, Inc., motion was made and seconded, and it was

RESOLVED, that the Bylaws of the Homestead Owners Association, Inc., be amended to allow for expansion of the Board of Directors of The Homestead Owners Association to a maximum of seven members.

3. At the February 21, 1994 Annual Membership Meeting of the Homestead Owners Association, Inc., motion was made and seconded, and it was unanimously

RESOLVED, that the Bylaws of the Homestead Owners Association, Inc., be amended to remove the following clause from Article XIII, section (d): “cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year”.

4. At the February 12, 1999 Annual Membership Meeting of the Homestead Owners Association, Inc., motion was made and seconded, and it was unanimously

RESOLVED, that the Bylaws of the Homestead Owners Association, Inc., be amended to require the presence, in person or by proxy, of one tenth (1/10) of the membership to constitute a quorum. (Article III, Section 4)

