

**BYLAWS
OF
STONE CANYON RANCH
HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I.
NAME AND LOCATION

The name of the corporation is Stone Canyon Ranch Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 603A 28¼ Road, Grand Junction, Colorado 81506, but meetings of Members and the Board of Directors may be held at such places within the State of Colorado as may be designated by the Board of Directors.

ARTICLE II.
DEFINITIONS

The definitions set forth in the Declaration for Stone Canyon Ranch Subdivision to be recorded in the Mesa County Clerk and Recorder's records and all amendments thereto shall apply to these Bylaws.

ARTICLE III.
MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the Members shall be held on or before one year following the recordation of the Declaration at a time and place to be designated by the initial Board. Thereafter, the Members shall meet no less frequently than annually by resolution adopted by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president, by a majority of the Board, or upon written request of the Members having twenty percent (20%) of all of the votes of the 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 ten (10) days before, but not greater than fifty (50) 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 the Member to

the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting, and items in the agenda.

Any notice given pursuant to this Article III shall be deemed to be delivered when deposited in the United States mail, postage prepaid first class, addressed to the Member at his or her address as it appears on the records of the Association.

Written waiver of notice signed by the Member entitled to the notice, whether before or after the time stated therein, shall be equivalent to the giving of the notice. Attendance of a Member at any meeting shall constitute a waiver of notice of the meeting, except when a Member objects to the holding of the meeting or transacting business at the meeting because of lack of notice or defective notice, and such Member further waives objection to the consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, fifty-one percent (51%) of the votes of the 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 meeting 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 or her Lot. A proxy terminates eleven (11) months after its date, unless it provides otherwise.

Section 6. Action of Members Without a Meeting. Any action required to be taken, or any action which may be taken, at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

ARTICLE IV. BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number and Qualifications. The affairs of the Association shall be managed by an executive board (Board) with a minimum of three (3) persons. By resolution of the Board, the Board may enlarge the number of members of the Board up to but not to exceed

five (5) persons. Except for those Board members chosen by Declarant pursuant to the Declaration, all Directors shall be Members of the Association.

Section 2. Term of Office. Subject to the rights of Declarant to select the Board pursuant to the Declaration, at the first annual meeting, the Members shall elect one Board member for a term of one year, one Board member for a term of two years, and one Board member for a term of three years. Thereafter, each Member shall serve a three (3) year term so as to have staggered terms of three years each; provided, however, if more than one Board position is available, the Members shall elect one Board member for a term of one year, one Board member for a term of two years, and one Board member for a term of three years as circumstances may require, the nominee receiving the highest vote to serve three years, the nominee receiving the second highest vote to serve two years and the nominee receiving the third highest vote to serve one year.

Section 3. Removal and Vacancies. Except for Board members appointed by Declarant, the members of the Board may be removed from the Board, with or without cause, by a two-thirds (2/3) vote of the Members present at a meeting at which a quorum is present. In the event of death, resignation or removal of a Board member, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 4. Compensation. No Board member shall receive compensation for any service rendered to the Association. However, any Board member may be reimbursed for actual expenses incurred in the performance of his or her duties.

Section 5. Action Taken Without a Meeting. The Board 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 members of the Board. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE V. MEETINGS OF THE BOARD

Section 1. Regular Meetings. Regular meetings of the Board shall be held not less frequently than annually without notice, following the annual meeting of Members, at the place of the annual meeting of Members.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the president of the Association, or by any two Board members, after not less than three (3) days' notice to each Board member.

A written waiver of notice signed by a Board member, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Board member at any meeting shall constitute a waiver of notice of the meeting, except when a member objects to the holding of the meeting or transacting business at the meeting because of lack of notice or defective notice, and such member further waives objection to the consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

Section 3. Quorum. A majority of the Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Attendance. All regular and special meetings of the Board shall be open to attendance by any Member or their representative, except that the Board may restrict attendance to discuss matters set forth in section 38-33.3-308(4)(a) through (e), C.R.S.

Section 5. Meeting by Electronic Device. Members of the Board may participate in a meeting by means of a conference telephone, videolink, Internet connection or similar communication equipment if all persons participating in the meeting can hear and speak to each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The Board shall have all powers, privileges and duties, and perform all of the obligations as an executive Board pursuant to the Act (Colorado Common Interest Ownership Act, sections 38-33.3-101, et seq., C.R.S.) and as are described in the Declaration.

Section 2. Duties. The Board shall perform all duties as shall be described in the Declaration, and undertake all reasonable and necessary action to perform such duties.

Section 3. Management of Funds. If the Association delegates powers of the Board or officers relating to collection, deposit, transfer or disbursement of Association funds to other persons or to a managing agent, then the following requirements shall apply:

a. That the other person or managing agent maintain fidelity insurance coverage or a bond in an amount not less than Fifty Thousand Dollars (\$50,000.00) or such higher amount as the Board may require;

b. That the other person or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other person or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and

c. That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant or a certified public accountant.

ARTICLE VII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president, vice-president, secretary, and 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 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 or she 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 by 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 or she 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. The office of vice-president is optional and may remain vacant indefinitely at the discretion of the Board.

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

a. President. The president shall see that the orders and resolutions of the Board are carried out; shall sign all legal and other written instruments and shall co-sign all checks and promissory notes. The president shall also execute, certify and record amendments to the Declaration on behalf of the Association.

b. Vice-president. The vice-president shall act in the place and stead of the president in the event of his or her 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. 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 the meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and in general, shall perform all duties incident to the office of secretary.

d. Treasurer. 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; shall sign all checks and promissory notes of the Association, provided the Board may authorize a manager to sign checks up to \$500.00; keep the financial books and records of account; 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 VIII.
BUDGETS

As more fully provided in the Declaration, within ninety (90) days after adoption of any proposed budget for the Stone Canyon Ranch Subdivision, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Members and shall set a date for a meeting of the Members to consider ratification of the budget not less than fourteen nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting a majority of all Members or any larger percentage specified in the declaration reject 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 Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

ARTICLE IX.
COMMITTEES

The Board may appoint such committees as it deems necessary or appropriate in carrying out its powers and duties under the Declaration, provided that, when so delegated, the Board shall not be relieved of its responsibilities pursuant to the Declaration.

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 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, the Association shall levy and enforce assessments which are secured by a continuing lien upon the Lots against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid when due, the assessment shall bear interest from the date of delinquency at the rate provided in the Declaration, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs, and

reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner subject to assessments may waive or otherwise avoid liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his or her Lot.

ARTICLE XII.
CORPORATE SEAL

The Association may have a seal, if any, in circular form having within its circumference the words "STONE CANYON RANCH HOMEOWNERS ASSOCIATION, INC."

ARTICLE XIII.
AMENDMENTS

Section 1. These Bylaws may be amended by a two-thirds ($\frac{2}{3}$) vote of the Board present at a regular or special meeting of Board at which a quorum of Board is present in person or proxy; provided that, at all times, the Bylaws meet the requirements of section 38-33.3-306(1), C.R.S., or the Declaration.

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 Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV.
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. The Association may or shall indemnify its Board, officers, employees, fiduciaries and agents to the fullest extent permitted or required by and subject to the requirements and limitations of sections 7-129-101 through and including 7-129-110, C.R.S., including reimbursement of expenses.

Section 2. Any indemnification permitted hereunder, including the advance of expenses, shall be made upon the determination that the Board member, officer, employee or agent has met the applicable standard of conduct set forth in section 7-129-102, C.R.S. Such determination shall be made, including the advance of expenses, in accordance with section 7-129-106, C.R.S.

Section 3. The Association may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, fiduciary or agent of the Association or who is or was serving at the request of the Association as a Board member, officer, employee, fiduciary or agent of another Association, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by the person in that capacity or arising from the person's status, whether or not the Association would have the power to indemnify the person against such liability under the provisions of this Article, to the fullest extent permitted by section 7-129-108, C.R.S.

ARTICLE XV.
MISCELLANEOUS

Section 1. Contracts. The Board may authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of the Association, except as otherwise specifically required by the Articles of Incorporation, Declaration or by these Bylaws.

Section 2. Conveyances and Encumbrances. Association property may be conveyed or encumbered by authority of the Board or such other person or persons to whom such authority may be delegated by resolution of the Board. Conveyances or encumbrances shall be by instrument executed by the president or vice president and by the secretary or an assistant secretary, or executed by such other person or persons to whom such authority may be delegated by the Board.

Section 3. Checks. All checks, drafts, notes and orders for the payment of money shall be signed by the president or a vice president or the treasurer, or shall be signed by such other officer of the Association as shall be duly authorized by resolution of the Board.

Section 4. Fiscal Year. The fiscal year of the Association shall be the calendar year.

IN WITNESS WHEREOF, these Bylaws are effective as of May 24, 2005.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Stone Canyon Ranch Homeowners Association, Inc., a Colorado nonprofit corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board thereof, held on the 24th day of MAY, 2006.



Secretary

STONE CANYON RANCH HOMEOWNERS ASSOCIATION, INC.
INFORMAL ORGANIZATIONAL ACTION OF THE INCORPORATOR

THIS INFORMAL ORGANIZATIONAL ACTION OF THE INCORPORATOR of Stone Canyon Ranch Homeowners Association, Inc., a Colorado nonprofit corporation (the "Corporation"), is dated and effective the 20th day of December, 2005.

RECITALS

- A. Articles of Incorporation for the Corporation were filed in the Colorado Secretary of State's office on May 19, 2005.
- B. The undersigned individual was the incorporator of the Corporation.
- C. In accordance with the authority vested in the incorporator pursuant to section 7-122-105, C.R.S., the incorporator desires to take the actions set forth herein.

NOW THEREFORE BE IT RESOLVED as follows:

- 1. The initial Board of Directors of the Corporation shall be the persons stated below, whose business addresses are also stated below:

Howard F. Holt

603A 28 ¼ Road
Grand Junction, Colorado 81506

Dennis L. Granum

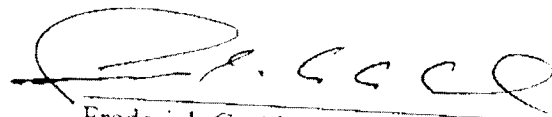
603A 28 ¼ Road
Grand Junction, Colorado 81506

Michael Bonds

603A 28 ¼ Road
Grand Junction, Colorado 81506

- 2. The Bylaws attached hereto and incorporated herein by reference shall be and the same are hereby declared to be the Bylaws of the Corporation.

This Informal Action of the Incorporator is dated and effective the year and date first above written.


Frederick G. Aldrich

STONE CANYON RANCH HOMEOWNERS ASSOCIATION, INC.
Informal Organizational Action of the Declarants and Incorporator

May 19, 2005

The undersigned persons, as the Declarants of Stone Canyon Ranch Homeowners Association, Inc., pursuant to the Declaration of Covenants, Conditions and Restrictions for Stone Canyon Ranch, and the undersigned incorporator, Frederick G. Aldrich, of Stone Canyon Ranch Homeowners Association, Inc., a Colorado nonprofit corporation (the "Corporation"), in accordance with Section 7-102-105 of the Colorado Business Corporation Act, do hereby take the action set forth below, and hereby consent as follows:

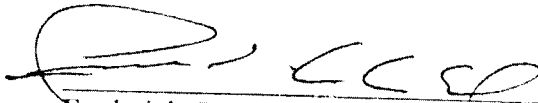
RESOLVED, that the initial board of directors of the Corporation shall be the persons stated below, whose business address is also so stated:

<i>Name</i>	<i>Address</i>
Dennis L. Granum	603A 28 $\frac{1}{4}$ Road, Grand Junction, Colorado 81506
Howard Holt	603A 28 $\frac{1}{4}$ Road, Grand Junction, Colorado 81506
Michael Bonds	603A 28 $\frac{1}{4}$ Road, Grand Junction, Colorado 81506

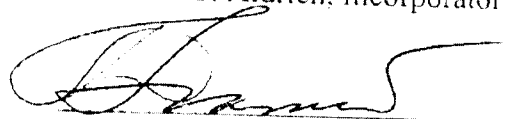
RESOLVED, that the Bylaws attached hereto and incorporated by reference herein be and the same are hereby declared to be the Bylaws of the Corporation.

This Informal Action of the Declarants and Incorporator has been signed on the date and year first written above.

WITNESS the signatures of the Declarants and Incorporator.



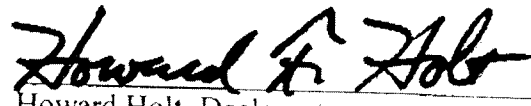
Frederick G. Aldrich, Incorporator



Dennis L. Granum, Declarant



Michael Bonds, Declarant



Howard Holt, Declarant

ORGANIZATIONAL INFORMAL ACTION OF THE BOARD OF DIRECTORS
OF STONE CANYON HOMEOWNERS ASSOCIATION, INC.,
BY UNANIMOUS WRITTEN CONSENT

THIS ORGANIZATIONAL INFORMAL ACTION OF THE BOARD OF DIRECTORS OF STONE CANYON RANCH HOMEOWNERS ASSOCIATION, INC., BY UNANIMOUS WRITTEN CONSENT, is dated and effective the 20th day of December, 2005, as follows:

The undersigned, being and constituting all the members of the Board of Directors of Stone Canyon Ranch Homeowners Association, Inc., a Colorado nonprofit corporation (the "Corporation"), in accordance with section 7-128-202, C.R.S., do hereby take the actions set forth below and, to evidence their waiver of any right to dissent from such actions, do hereby consent as follows:

1. The action of the incorporator appointing the Board of Directors and adopting the Bylaws is hereby approved and ratified.
2. The following persons are hereby appointed as officers of the Corporation in the respective capacities set forth after their names, the term of office of each person to be until the first annual meeting of the Board of Directors and until their respective successors shall be elected and qualified:

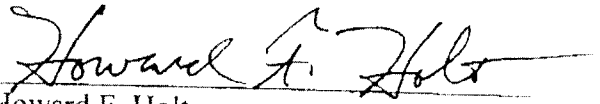
Howard F. Holt
Dennis L. Granum
Michael Bonds

President
Vice President
Secretary and Treasurer

3. Wells Fargo Bank, NA, 359 Main Street, Grand Junction, Colorado 81501, shall be and is hereby designated as the depository of the Corporation, and the officers of the Corporation are hereby authorized and directed to obtain retain and execute such banking resolutions as may be required by Wells Fargo Bank, NA, in their standard form.
4. The Secretary of the Corporation is hereby authorized and directed to prepare or cause to be prepared appropriate records of the Corporation containing copies of the Articles of Incorporation, Bylaws, Minutes of the Board of Directors, Minutes of Member Meetings and records of membership in the Corporation.
5. All actions taken or contracts entered into heretofore by the incorporator, Directors or officers acting for the Corporation shall be and the same hereby are ratified, approved and confirmed by the Corporation as the act of the Corporation in the same manner as if each act had been done pursuant to the specific authorization of the Corporation.

This Informal Action of the Board of Directors may be executed in counterparts.

DATED the year and date first above written.



Howard F. Holt



Dennis L. Granum



Michael Bonds