

CODE OF REGULATIONS /BYLAWS

KERNAN CREEK RANCH HOMEOWNERS ASSOCIATION

I Membership

Section A: Membership shall be as defined in Article II, Section 2 of the Declaration of Protective Restrictions and Articles of Association of an Unincorporated Association Referred to as the Kernan Creek Ranch Homeowners Association (Covenants) Recorded Montezuma County, Colorado October 18, 1995, Reception #451207. As stated therein, there shall be one Homeowners Association (HOA) membership per lot.

Section B: Dues and special assessments shall be levied as defined in the Covenants, Article II, Section 1C. The amount of the dues and special assessments shall be determined annually by the Board of Directors of the HOA. Any assessment more than \$500.00 (five hundred dollars) per year per member must be approved by a majority of the membership.

II Management

Section A: A Board of Directors consisting of a minimum of five members shall manage the business and property of the Kernan Creek HOA. A majority of the Board members will constitute a quorum.

Section B: Directors shall be elected by a vote of the membership of the Association at the annual meeting for all vacant or expiring Board positions. The annual meeting of members will be held on a day in August selected by the Board of Directors, notice of which shall be given not less than one month before the date of said meeting. Included in this agenda will be the report of the Treasurer. Other meetings of the membership and/or Board of Directors may be held as required.

Section C: Within a reasonable time after their election, the members of the Board of Directors shall elect from their number a President, Secretary, and Treasurer. These elected officials shall also serve as officers of the HOA.

Section D: Board Positions

- People are elected for two-year terms. Each individual serves for two years.
- Each year the Board decides all Officers positions. Any elected person can fill any Board position.
- If a Board Member leaves the Board; the Board will request an HOA member to finish that term. The Board must agree (by majority vote) on whom they will ask.
- If a Board Member leaves an Officer position, the Board simply reorganizes itself.

Section E: The HOA's Method of Voting:

Members are sent information and/or agenda regarding the meeting plus a vote proxy form. Members can vote at the meeting or mail in their proxy. As defined in the Covenants, decisions are made by a majority vote of all such owners duly called and present and voting at such meeting.

III Duties of Officers

Section A: The President shall supervise all activities of the HOA; execute all instruments in its behalf; preside at all meetings of the Board of Directors and/or the membership of the HOA; call such meetings of the membership as shall be deemed necessary; and perform all other duties incident to the position and office as are required by law.

Section B: The Secretary shall keep the minutes of the meetings of the Board of Directors and of the HOA membership in appropriate books; give and serve all notices of the HOA; be custodian of the records and perform all other duties incident to the office of Secretary.

Section C: The Treasurer shall receive and be accountable for all funds, books, documents, office equipment, supplies and other property belonging to the HOA; pay all obligations incurred by the HOA when such payment is authorized by the Board of Directors; maintain bank accounts in depositories designated by the Board of Directors and render periodic financial reports.

IV Indemnification

To the full extent permitted by Colorado law, the HOA shall indemnify any person who was or is a party, or is threatened to be made a party, to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the HOA or otherwise) by reason of the fact that he is or was a Director or Officer of the Association, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding; and the Board of Directors may, at any time, approve indemnification of any other person which the Association has the power to indemnify under Colorado law. The indemnification provided by this paragraph shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

V Amendments

Members may make, alter, amend and repeal Bylaws of the HOA at any annual meeting or at a special meeting called for that purpose.

The foregoing Bylaws were adopted on the 7th day of December 2003.