

BYLAWS

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BYLAWS
OF
CRYSTAL VALLEY RANCH MASTER ASSOCIATION, INC.

ARTICLE 1.
NAME AND LOCATION

The name of the corporation is Crystal Valley Ranch Master Association, Inc., hereinafter referred to as the "Master Association." The principal office of the Master Association shall be 823 South Perry Street, Suite 210, Castle Rock, Colorado 80104, but meetings of Delegates and directors may be held at such places within the State of Colorado as may from time to time be designated by the Board of Directors of the Master Association ("Board of Directors" or "Board").

ARTICLE 2.
PURPOSE

The purpose for which the Master Association is formed is to govern the Community, exercise the rights, power and authority, and fulfill the duties of the Master Association, as provided in that certain Master Declaration of Covenants, Conditions and Restrictions of Crystal Valley Ranch, and all amendments, clarifications and supplements thereto, recorded or to be recorded in the office of the Clerk and Recorder of Douglas County, Colorado ("Master Declaration") (terms which are defined in the Master Declaration shall have the same meanings herein unless otherwise defined), and those certain Articles of Incorporation of Crystal Valley Ranch Master Association, Inc., and any amendments thereto, filed in the office of the Secretary of State of the State of Colorado ("Articles of Incorporation"). All present and future Owners, tenants, occupants, and any other Person who may use any Lot, the Common Elements, or any portion thereof, or any facilities or appurtenances thereto or thereon, in any manner, shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Master Declaration, Articles of Incorporation and these Bylaws. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of the Master Declaration, Articles of Incorporation and these Bylaws are accepted, ratified and shall be observed.

ARTICLE 3.
MEMBERS; MEMBER MEETINGS AND VOTING

Section 3.1. Members.

The Master Association shall have one (1) class of membership. Membership in the Master Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Each Lot shall have one (1) membership in the Master Association and there is only (1) Member per Lot, even if the Lot is owned by multiple Owners.

Section 3.2. Districts, District Members, Election of Delegates, and Voting Rights.

3.2.1. The Community shall be divided into Districts and each Lot shall be a part of only one (1) District. The Master Declaration, the Annexation of Additional Land by

which property is annexed to the Master Declaration, or any other document or instrument recorded by the Master Declarant, shall define the District within which each Lot is located and shall state whether or not the District is to be governed by a Subassociation. Each District Member shall be member of the District in which such Member's Lot is located and shall elect one (1) Delegate at the annual meeting of the District Members to exercise the voting power of all of the Members of such District. Each Lot within the District shall be entitled to one (1) vote as there is only one (1) Member per Lot.

3.2.2. If a District is governed by a Subassociation, then District Members shall have the same voting rights for the election of a Delegate from that District as for the election of a member of the Board of Directors of such Subassociation. If the District is not governed by a Subassociation, then District Members in that District shall have voting rights for the election of a Delegate to represent the District as provided in Sections 3.3 through 3.9 of these Bylaws.

3.2.3. Matters relating to meetings of District Members within a District which is governed by a Subassociation may be governed by the bylaws of such Subassociation. Except to the extent contrary to or inconsistent with the bylaws of such Subassociation, Sections 3.3 through 3.9 of these Bylaws shall be applicable to meetings of District Members within a District which is governed by a Subassociation. The bylaws of such Subassociation shall provide for an annual meeting of District Members, at which such District Members will elect a Delegate, and such bylaws will also provide for the holding of such annual meeting within the time periods specified hereinafter for annual meetings of District Members.

Section 3.3. Annual Meetings.

With respect to the Districts not governed by a Subassociation, the first annual meeting of the District Members shall be held within twelve (12) months from the date of the inclusion of the first Lot(s) in such District, and each subsequent regular annual meeting of the District Members shall be held on such date, at such time and location designated by the Board of Directors from time to time. At each annual meeting of the District Members, the District Members shall elect a Delegate, fill Delegate vacancies and conduct such other business as may properly come before the meeting.

Section 3.4. Special District Member Meetings.

Special meetings of the District Members may be called at any time by the Delegate of the District or by District Members having at least twenty percent (20%) of the votes in such District.

Section 3.5. Notice of District Member Meetings.

Written notice of each meeting of the District Members of a District shall be given by, or at the direction of, the Delegate or Person authorized to call the meeting. Not less than ten (10) nor more than fifty (50) days in advance of such meeting, the Delegate or Person giving such notice shall cause notice of the meeting to be hand delivered or sent prepaid by United States first class mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner and to the Delegate of such District. The notice of any meeting must state the time and place

of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Master Declaration or Bylaws, any budget changes, and any proposal to remove an officer or director.

Section 3.6. Quorum and Voting Requirements.

3.6.1. A quorum is deemed present throughout any meeting of District Members if District Members entitled to cast twenty percent (20%) of the votes which may be cast on a matter are present, in person or by proxy, at the beginning of the meeting. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

3.6.2. Unless otherwise specifically provided by the Master Declaration, the Articles of Incorporation, these Bylaws or by statute, action on all matters, except election of the Board of Directors, coming before a meeting of District Members at which a proper quorum is in attendance, in person or by proxy, is approved if the votes cast favoring such action exceed the votes cast opposing such action; provided however, if the meeting of the District Members is held to instruct the Delegate how to cast the votes of the District, then the Delegate shall cast such Delegate's votes as provided in the Master Declaration.

Section 3.7. Proxies.

3.7.1. If only one of the multiple Owners of a Lot is present at a meeting of the District Members, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners of a Lot are present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Master Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the vote allocated to that Lot and a protest has not been made to the person presiding over the meeting by any of the other Owners of the Lot prior to the time the votes are tallied at such meeting.

3.7.2. The vote allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one Person, any Owner of such Lot may register protest to the casting of a vote by any other Owner of such Lot through a duly executed proxy; but each Lot shall only have one vote allocated to it, as provided in the Master Declaration. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over a meeting of the District Members. 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.

Section 3.8. Action by Written Ballot.

Any action that may be taken at any annual, regular, or special meeting of the District Members may be taken without a meeting if the Delegate delivers (by mail or otherwise) a written ballot to every District Member entitled to vote on the matter which sets forth each proposed action and provides an opportunity to vote for or against each proposed action. Approval by written ballot

is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Solicitations for vote by written ballot must be accompanied by written information sufficient to permit a District Member to reach an informed decision on the matter and must specify:

3.8.1. the number of responses needed to meet the quorum requirements;

3.8.2. the percentage of approvals necessary to approve each matter other than election of the directors; and

3.8.3. the time by which a ballot must be received in order to be counted.

Section 3.9. Security Interest Holders.

Each Security Interest Holder shall have the right to designate a representative to attend all meetings of District Members.

**ARTICLE 4.
DELEGATES**

Section 4.1. Delegates.

A Delegate is the natural person selected by District Members within a District to represent such District and to cast votes on behalf of District Members within such District. The Delegates so selected constitute the "members" of the Master Association, as that term is used in the Colorado Revised Nonprofit Corporation Act and constitute "unit owners" as used in the Act; and "members," or "unit owners" as used in the aforesaid laws, shall not be the Owners (as defined in the Master Declaration) or Members (as defined in the Master Declaration). Wherever in the Colorado Revised Nonprofit Corporation Act, reference is made to "members" (as, for example, in statutory provisions requiring an annual meeting of members, permitting removal of directors by members or relating to voting on amendments), the "members" who are therein referred to shall be deemed to be the Delegates and wherever in the Act reference is made to "unit owners," the "unit owners" who are therein referred to shall be deemed to be the Delegates.

Section 4.2. Voting Rights of Delegates.

Each Delegate shall have one (1) vote for each Lot located in the District represented by such Delegate, except that no vote shall be attributable to any Lot whose Owner(s) are then in default in any obligation to the Master Association. District Members may instruct a Delegate as to the manner in which the Delegate is to vote on any issue as provided in the Master Declaration and these Bylaws. The Delegates may transmit or post all notices of meetings of the Delegates and notices of meetings of the Board of Directors of the Master Association to all District Members in such Delegate's District; provided however, that the form of transmission or posting of such notices shall be at the discretion of the Delegate after consultation with the District Members.

Section 4.3. Qualifications of Delegates.

A Delegate must be an Owner of a Lot within the Community or, if the Owner of any Lot is not a natural person, then the Delegate must be an officer, director, partner, member, employee or authorized agent of such Owner. If a Delegate conveys or transfers title to his Lot, or if a Delegate who is serving as an officer, director, partner, member, employee or authorized agent of an Owner who is not a natural person ceases to have such status, or if the Owner through which an officer, director, partner, member, employee or authorized agent is serving as a Delegate, transfers title to its Lot, such Delegate's term as Delegate shall immediately terminate and a new Delegate shall be elected as promptly as possible to take such Delegate's place. A Delegate may be re-elected and there shall be no limit on the number of terms a Delegate may serve.

Section 4.4. Term of Office of Delegates.

Each Delegate elected at an annual meeting of the District Members shall continue in office until the next annual meeting of the District Members or until his successor is elected, whichever is later, unless such Delegate resigns, is removed or his term of office terminates because he is no longer qualified to be a Delegate (as specified in Section 4.5 (Removal of Delegates) of these Bylaws).

Section 4.5. Removal of Delegates.

At any meeting of District Members, the notice of which indicates such purpose, the Delegate representing that District may be removed, with or without cause, by a vote of sixty-seven percent (67%) of the votes of District Members, and a successor may be then and there elected to fill the vacancy thus created.

Section 4.6. Resignation of Delegates.

Any Delegate may resign at any time by giving written notice to the president of the Master Association, to the secretary of the Master Association or to the Board of Directors, stating the effective date of such resignation, which notice shall be forwarded to all District Members of such Delegate's District to allow the District Members to elect a new Delegate. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 4.7. Vacancies in Delegates.

Any vacancy occurring in the office of a Delegate shall be filled at a special meeting, called for such purpose, of District Members represented by such Delegate. A Delegate elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4.8. Place of Delegate Meetings.

Meetings of Delegates shall be held at the principal office of the Community or at such other place as may be fixed by the Board of Directors and specified in the notice of the meeting of Delegates.

Section 4.9. Annual Meeting of Delegates.

Annual meetings of Delegates shall be held each year, on such day and at such time as is fixed by the Board of Directors each year and specified in the notice of meeting. Each year, the Board of Directors will attempt to set the date of the annual meeting of Delegates so that it will be at least ten (10) days after the last of the annual meetings of the District Members in that year and so that notice of the meeting, in accordance with these Bylaws, may be given to the directors elected at the annual meetings of Delegates. Annual meetings of Delegates shall be held to elect the Board of Directors of the Master Association and to transact such other business as may properly come before the meeting.

Section 4.10. Special Meetings of Delegates.

Special Meetings of Delegates may be called by the President, a majority of the Board of Directors or by Delegates representing at least fifteen percent (15%) of the total votes in the Master Association. No business shall be transacted at a special meeting of Delegates except as indicated in the notice thereof.

Section 4.11. Record Date.

For the purpose of determining Delegates entitled to notice of, or to vote at, any meeting of Delegates, or in order to make a determination of such Delegates for any other proper purpose, the Board of Directors may fix, in advance, a date as the record date for any such determination of Delegates. The record date shall not be earlier than the date of mailing to Delegates of any notice for the meeting of Delegates or the event requiring a determination of Delegates.

Section 4.12. Notice of Delegates' Meetings.

Except as provided in Section 13.4 of the Master Declaration (Notice and Quorum for Master Association Actions), written notice stating the place, day and hour of any meeting of Delegates shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president or the secretary of the Master Association or the officers or persons calling the meeting, to each Delegate entitled to vote at such meeting. The notice of an annual meeting of Delegates shall include the names of any known candidates for directors and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting of Delegates shall state the purpose or purposes for which the meeting is called. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Delegate at his address as it appears on the records of the Master Association, with postage thereon paid. Such notice may be posted in a conspicuous place in the Community, such as on a notice board outside of the principal office of the Master Association, and such notice shall be deemed to be delivered to any Delegate upon such posting if such Delegate has not furnished an address to the Master Association for mailing of notice.

Section 4.13. Proxies.

A Delegate shall be entitled to vote by proxy at any meeting of Delegates. The votes that a Delegate is entitled to cast may be cast pursuant to a proxy duly executed by such Delegate. Votes

cast pursuant to a proxy shall be cast in accordance with any instructions given by the District Members of such Delegate's District as provided in Section 2.4 of the Master Declaration (Voting Rights of Delegates). A Delegate may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the Person presiding over a meeting of the Master Association. 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.

Section 4.14. Quorum at Delegates' Meetings.

Except as may be otherwise provided in the Master Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting of Delegates, the presence in person or by proxy of Delegates entitled to cast at least fifty-one percent (51%) of the Master Association votes shall constitute a quorum at any meeting of Delegates. Delegates present at a duly organized meeting of Delegates may continue to transact business until adjournment, notwithstanding the withdrawal of Delegates so as to leave less than a quorum. If the required quorum is not present at any meeting of Delegates, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence of Delegates entitled to cast at least twenty-five percent (25%) of the votes of all Delegates shall, except as may be otherwise provided in the Master Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

Section 4.15. Adjournments of Delegates' Meetings.

Delegates present at any meeting of Delegates may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods of not to exceed thirty (30) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 4.16. Vote Required at Delegates' Meetings.

Unless otherwise specifically provided by the Master Declaration, the Articles of Incorporation, these Bylaws or by statute, action on all matters, except election of the Board of Directors, coming before a meeting of Delegates at which a proper quorum is in attendance, in person or by proxy, is approved if the votes cast favoring such action exceed the votes cast opposing such action.

Section 4.17. Waiver of Notice.

A waiver of notice of any meeting of Delegates, signed by a Delegate, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Delegate. Attendance of a Delegate at a meeting of Delegates shall constitute waiver of notice of such meeting except when the Delegate attends for the express purpose of objecting to the transaction of business because such Delegate claims that the meeting is not lawfully called or convened.

Section 4.18. Action of Delegates Without a Meeting.

Any action that may be taken at any annual or special meeting of the Delegates may be taken without a meeting of the Delegates if either the president or secretary of the Master Association delivers (by mail or otherwise) a written ballot to every Delegate entitled to vote on the matter which sets forth each proposed action and provides an opportunity to vote for or against each proposed action. Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Solicitations for vote by written ballot must be accompanied by written information sufficient to permit a Delegate to reach an informed decision on the matter and must specify:

4.18.1. the number of responses needed to meet the quorum requirements;

4.18.2. the percentage of approvals necessary to approve each matter other than election of the directors; and

4.18.3. the time by which a ballot must be received in order to be counted.

Section 4.19. Member's Right to Attend.

Any Member shall be entitled to attend (but not vote at) any meeting of Delegates.

Section 4.20. Security Interest Holders.

- Each Security Interest Holder shall have the right to designate a representative to attend all meetings of the Delegates.

ARTICLE 5.

BOARD OF DIRECTORS- SELECTION - TERM OF OFFICE

Section 5.1. Number.

The affairs of this Master Association shall be managed by a Board of Directors of five (5) directors, except that the Board which shall serve until twenty five percent (25%) of the Lots that May Be Included have been conveyed to Owners other than a Master Declarant, shall consist of three (3) directors. Directors shall be Members which, in the case of any Members who are not natural persons, may include the officers, directors, partners, employees, members, or authorized agents of each such Member. Notwithstanding the foregoing, the number of directors may be changed from time to time by a vote of the Board of Directors; provided, however that, except as provided above, the number of directors may not be greater than nine (9) nor less than five (5).

Section 5.2. Power to Appoint or Elect.

During the 75% Control Period, the Master Declarant shall have the power to appoint directors as more fully described in the Master Declaration. Subject to the Master Declarant's right to appoint, the Delegates shall elect the directors.

Section 5.3. Term of Office.

5.3.1. Any director appointed by the Master Declarant during the 75% Control Period, shall serve until such director's appointed or elected successor takes office.

5.3.2. Within sixty (60) days of the time at which twenty five percent (25%) of the Lots that May Be Included have been conveyed to Owners other than the Master Declarant, a special meeting of the Delegates shall be held at which the Delegates shall elect a sufficient number of directors (other than those appointed by the Master Declarant in Section 5.3.1 above) to constitute at least one (1) but not less than twenty-five percent (25%) of the Board. These directors shall serve until the next annual meeting of the Delegates.

5.3.3. Within sixty (60) days of the time at which fifty percent (50%) of the Lots that May Be Included have been conveyed to Owners other than the Master Declarant, a special meeting of the Delegates shall be held at which the Delegates shall elect a sufficient number of directors (other than those appointed by the Master Declarant in Section 5.3.1 above) to constitute at least one (1) but not less than thirty three and one-third percent (33 1/3%) of the Board. These directors shall serve until the next annual meeting of the Delegates.

5.3.4. Upon termination of the 75% Control Period, a special meeting of the Delegates shall be held at which the Delegates shall elect the directors which directors shall serve until the next annual meeting of the Delegates.

5.3.5. At the first annual meeting of the Delegates after termination of the 75% Control Period, the Delegates shall elect two (2) directors to serve for a term of one (1) year and three (3) directors to serve for a term of (2) years, and at each annual meeting thereafter, the Delegates shall elect the same number of directors as there are directors whose terms expire at the time of each election, for a term of two (2) years.

5.3.6. Notwithstanding anything contained in the Sections 5.3.1 through 5.3.5 above, any director may at any time, resign, be removed (subject to Section 5.4 of these Bylaws (Removal)), or otherwise be disqualified to serve.

Section 5.4. Removal.

The Delegates, by a vote of sixty-seven percent (67%) of the Master Association votes cast by Delegates present in person or by proxy at any meeting of the Delegates at which a quorum is present, may remove any director with or without cause, other than a director appointed by the Master Declarant. Master Declarant may at any time remove, and appoint the successor of, any director who was appointed by the Master Declarant. In the event of death, resignation or removal of a director, his or her successor shall be selected by a majority of the remaining directors, whether or not such remaining directors constitute a quorum, and shall serve for the unexpired term of the director being replaced; provided, however, that the Master Declarant may appoint the successor of any director who served in such capacity as a result of being appointed by the Master Declarant.

Section 5.5. Compensation.

No director shall receive compensation for any service rendered to the Master Association. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

**ARTICLE 6.
NOMINATION AND ELECTION OF DIRECTORS**

Section 6.1. Nomination.

Nomination for election to the Board of Directors may be made by a nominating committee if such a committee is appointed, from time to time, by the Board of Directors. Nominations may also be made from the floor at any meeting of the Delegates.

Section 6.2. Election.

Election to the Board of Directors shall be by secret written ballot if any Delegate so requests or in the discretion of the Board of Directors. At each election of directors, the Delegates or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Declaration. Cumulative voting is not permitted. Unless otherwise specifically provided by the Master Declaration, the Articles of Incorporation, these Bylaws, or by statute, the election of the Board of Directors at a meetings of the Delegates at which a proper quorum is in attendance, in person or by proxy, shall be decided as follows:

6.2.1. When only one director is being voted upon, the affirmative vote of a majority of the Delegates constituting a quorum at the meeting of the Delegates at which the election occurs shall be required for election to the Board of Directors. If multiple persons are running for one directorship and no one receives a majority of the votes, then another election shall be held at which the two (2) persons running for such directorship who received the most votes in the prior election shall be voted upon and the person receiving a majority of the affirmative votes cast by Delegates shall be elected;

6.2.2. When multiple directors are being elected, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, are elected to the Board of Directors.

**ARTICLE 7.
MEETINGS OF THE BOARD OF DIRECTORS**

Section 7.1. Regular Meetings.

Regular meetings of the Board of Directors shall be held not less often than quarterly, without notice, at such place and hour as may be fixed from time to time by 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 7.2. Special Meetings.

Special meetings of the Board of Directors shall be held when called by the president of the Master Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 7.3. Quorum; Actions of Board of Directors.

A quorum at any meeting of the Board of Directors is present if directors entitled to cast fifty percent (50%) of the votes on the Board of Directors are present. Every act or decision done or made by a majority of a quorum of the directors present, in person or by proxy granted to another director (as more specifically set forth below), at a duly held meeting shall be regarded as the action of the Board of Directors.

Section 7.4. 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 if each and every director in writing ("Written Vote(s)") does either of the following set forth in subsections 7.4.1 or 7.4.2:

7.4.1. Votes for such action; or

7.4.2. Votes against such action or abstains from voting and waives the right to demand that a meeting be held.

Action under this Section is valid only if the affirmative vote for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all of the directors then in office were present and voted. For any action taken under this Section to be effective, the Master Association must receive the Written Votes described in subsections 7.4.1 and 7.4.2 signed and not revoked. Written Votes may be received by the Master Association by facsimile. A director may revoke such director's Written Vote by a writing signed and dated describing the action and stating that the director's prior vote is revoked ("Revocation") if such Revocation is received by the Master Association before the last Written Vote necessary to effect the action is received by the Master Association. The Master Association shall keep the Written Votes and any Revocations with the minutes of the meetings of the Board of Directors.

Section 7.5. Proxies.

For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a director may be deemed to be present and to vote if the director has granted a signed written proxy to another director who is present at the meeting, authorizing the other director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as provided in this Section and in Section 7.4 of these Bylaws (Action Taken Without a Meeting), directors may not vote or otherwise act by proxy.

**ARTICLE 8.
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 8.1. The Board of Directors shall have power to:

8.1.1. adopt and publish rules and regulations governing the use of the Lots, the Common Elements, the Community, any property which is visible from any Lot, or any portion thereof, and any facilities thereon and the personal conduct of the Members, their guests and other Persons thereon, and to establish penalties or levy fines (in accordance with Section 13.1 of the Master Declaration) for the infraction thereof;

8.1.2. suspend the voting rights of any Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Master Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of these Bylaws or published Master Association rules and regulations;

8.1.3. enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description;

8.1.4. borrow money;

8.1.5. provide for direct payment of Assessments to the Master Association from Owners' checking, credit or other accounts;

8.1.6. exercise for the Master Association all powers, duties and authority vested in or delegated to the Master Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Master Declaration, including without limitation maintenance, repair and/or replacement of any property for a Subassociation;

8.1.7. declare the office of a director to be vacant in the event such director shall be absent from two (2) regular meetings of the Board of Directors during any one year period;

8.1.8. employ a manager, an independent contractor(s), or such other employees as they deem necessary and prescribe their duties;

8.1.9. exercise any and all powers granted by the Colorado Revised Non-Profit Corporation Act or by CCIOA.

Section 8.2. Duties.

It shall be the duty of the Board of Directors to:

8.2.1. cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Delegates at the annual meeting of the Delegates, or at any special meeting of the Delegates when such statement is requested in writing by Delegates

entitled to cast at least one-fourth (1/4) of the votes at such special meeting of the Delegates;

8.2.2. supervise all officers, agents, and employees of the Master Association, and see that their duties are properly performed;

8.2.3. as more fully provided in the Master Declaration, to:

8.2.3.1. determine the amount of the annual Assessment against each Lot, from time to time, in accordance with the Master Association budget, and revise the amount of the annual Assessment in accordance with the ratified budget; and

8.2.3.2. foreclose the lien against any Lot for which Assessments are not paid within such time as may be determined by the Board of Directors from time to time, or bring an action at law against the Owner personally obligated to pay the same;

8.2.4. issue, or cause an appropriate officer or authorized agent 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 that an Assessment has been paid, such certificate shall be conclusive evidence of such payment as to all Persons who rely thereon in good faith;

8.2.5. procure and maintain insurance, as more fully provided in the Master Declaration;

8.2.6. provide for maintenance, repair and/or reconstruction of the Common Elements, other property, and Improvements, as more fully provided in the Master Declaration; and

8.2.7. keep financial records sufficiently detailed to enable the Master Association to comply with the requirement that it prove statements of unpaid Assessments. All financial and other records shall be made reasonably available for examination by any Owner and such Owner's authorized agents; and

8.2.8. cooperate with or any Subassociations, community association(s) and/or any district(s), as provided in the Master Declaration.

Any of the aforesaid duties, but not the responsibility therefor, may be delegated by the Board of Directors to any other Person(s) or to the Master Association's managing agent.

Section 8.3. Limitation on Powers.

The Board of Directors may not act on behalf of the Master Association to amend the Master Declaration, to terminate this Community, or to elect directors or determine the qualifications, powers and duties, or terms of office of directors, but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

Section 8.4. Acts Requiring Delegate Vote or Approval

If and to the extent required by the Master Declaration, the Articles of Incorporation, or the Bylaws of the Master Association, the following actions shall require a vote or approval by the Delegates:

8.4.1. if not previously called by the requisite percentage of District Members, the calling of a special meeting of the District Members in accordance with Section 3.4 of these Bylaws (Special District Member Meetings);

8.4.2. if not previously called by the President or a majority of the Board, the calling of a special meeting of the Delegates in accordance with Section 4.10 of these Bylaws (Special Meeting of Delegates);

8.4.3. removal of a director (other than a director appointed by the Master Declarant) in accordance with Section 5.4 of these Bylaws (Removal);

8.4.4. election of the Board of Directors in accordance with Section 6.2 of these Bylaws (Election);

8.4.5. reject a proposed budget in accordance with Section 3.7 of the Master Declaration (Budget);

8.4.6. approval of special Assessments in accordance with Section 4.6 of the Master Declaration (Special Assessments);

8.4.7. to not rebuild a portion of the Community in the event of damage or destruction in accordance with Section 7.1.1.3 of the Master Declaration (Damage or Destruction);

8.4.8. any action to convey or encumber Common Elements in accordance with Section 11.6 of the Master Declaration (Conveyance or Encumbrance of Common Elements);

8.4.9. any action to abandon or terminate the Community; change the pro rata interest or obligations of a Lot; partition or subdivide any Lot; abandon, partition, subdivide, encumber or sell the Common Elements; or use hazard insurance proceeds for losses in accordance with Section 12.2.1 of the Master Declaration (Approval by Delegates and Security Interest Holders of First Security Interests);

8.4.10. add or amend material provisions of the Master Declaration, Articles of Incorporation or Bylaws in accordance with Section 12.2.1 of the Master Declaration (Approval by Delegates and Security Interest Holders of First Security Interests);

8.4.11. any action to terminate the legal status of the Community in accordance with Section 12.3 of the Master Declaration (Termination of Legal Status);

8.4.12. any action by the Master Association to institute action on a Claim pursuant to Article 13 of the Master Declaration (Dispute Resolution) or to make a counterclaim or cross-claim in any lawsuit or other action brought against the Master Association in accordance with Section 13.3 of the Master Declaration (Approval Required for Master Association Actions);

8.4.13. amendment of Article 13 of the Master Declaration (Dispute Resolution) in accordance with Section 13.11 of the Master Declaration (Amendment);

8.4.14. annexation of additional property to the Master Declaration in accordance with Section 14.5.1 of the Master Declaration (Annexation; Withdrawal); provided however, that this right of the Members to approve annexations of additional property to the Master Declaration shall in no way affect the rights of the Master Declarant to annex additional property without approval of Members as set forth in Section 14.5.2 of the Master Declaration;

8.4.15. amendment of provisions in the Annexation of Additional Land in accordance with Section 14.5.2 of the Master Declaration (Annexation; Withdrawal);

8.4.16. amendment of the Master Declaration during the first twenty (20) years from the date of recording the Master Declaration in accordance with Section 14.9.1 of the Master Declaration (Duration, Revocation and Amendment); provided however, that this right of the Members to approve amendments to the Master Declaration shall in no way affect the rights of the Master Declarant to amend the Master Declaration without approval of Members as set forth in Sections 14.9.4 and 14.9.5 of the Master Declaration;

8.4.17. amendment of the Master Declaration while the Master Declarant owns any portion of the Community in accordance with Section 14.9.2 of the Master Declaration (Duration, Revocation and Amendment);

8.4.18. any action to terminate the Community in accordance with Section 14.12 of the Master Declaration (Termination of Community);

8.4.19. any other actions required by the Master Declaration, Articles of Incorporation, Bylaws, or any other law.

ARTICLE 9. RIGHTS OF THE MASTER ASSOCIATION

The Master Association may exercise any and all rights or privileges given to it under the Master Declaration, the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

**ARTICLE 10.
OFFICERS AND THEIR DUTIES**

Section 10.1. Enumeration of Offices.

The officers of this Master Association shall be a president, a secretary, and a treasurer, and such other offices as the Board may from time to time by resolution create.

Section 10.2. 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 Delegates.

Section 10.3. Term.

10.3.1. The officers of this Master Association shall be elected annually by the Board of Directors. Any officer elected by the Board shall serve until the first meeting of the Board of Directors to elect officers ("Meeting to Elect Officers") which Meeting to Elect Officers occurs subsequent to each annual meeting of the Delegates.

10.3.2. Notwithstanding anything contained in the Section 10.3.1 above, any officer may at any time, resign, be removed, or otherwise be disqualified to serve.

Section 10.4. Special Appointments.

The Board of Directors may elect such other officers as the affairs of the Master 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 10.5. Resignation and Removal.

Any officer may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, 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 10.6. Vacancies.

A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 10.7. Multiple Offices.

The same individual may simultaneously hold two or more offices, subject to any applicable requirements or limitations contained in the Master Declaration, Articles of Incorporation, these Bylaws or applicable law.

Section 10.8. Duties.

The duties of the president, vice president, secretary and treasurer, which are delegable to other persons or the managing agent, are as follows;

10.8.1. President: The president shall preside at all meetings of the Board of Directors and Delegates; 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 or authorize a designated agent to co-sign promissory notes and checks of the Master Association.

10.8.2. Vice-President: The vice-president, if any, shall act in the place and stead of the president in the event of the president's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of the vice-president by the Board of Directors.

10.8.3. Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Delegates; shall keep the corporate seal of the Master Association and affix it on all papers requiring said seal; shall serve notice of meetings of the Board and of the Delegates; shall keep appropriate current records showing the names of the Members and of the Delegates together with their addresses; shall prepare, execute, certify and record amendments to the Master Declaration on behalf of the Master Association; shall keep a record of the names and addresses of Security Interest Holders furnished to the Master Association by the Members; and shall perform such other duties as required by the Board.

10.8.4. Treasurer: The treasurer shall receive and deposit in appropriate bank accounts all monies of the Master Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign promissory notes and checks of the Master Association; shall keep proper books of account; shall cause an annual compilation report of the Master Association books to be made by a Certified Public Accountant at the completion of each fiscal year or, at the option of the Board of Directors, an annual review or audited financial statement may be required; and shall prepare an annual budget to be presented to the Delegates, and give a copy or summary thereof to the Members (as provided in the Master Declaration).

The president, vice president, secretary or treasurer of the Master Association may prepare, execute, certify, file and/or record amendments to the Master Declaration, the Articles of Incorporation or these Bylaws, on behalf of the Master Association, except that the Board of Directors may authorize other officers to do so.

ARTICLE 11. DELEGATION OF AUTHORITY TO A MANAGING AGENT

Section 11.1. Once the Master Association includes thirty (30) Lots, if the Board of Directors or officers of the Master Association delegate any of their powers of collection, deposit, transfer or disbursement of Master Association funds to other Persons or to a managing agent, then the following provisions shall be required:

11.1.1. That the other Person or managing agent maintain fidelity insurance coverage or a fidelity bond in an amount of not less than Fifty Thousand and no/100 Dollars

(\$50,000.00) or such higher amount as the Board of Directors may require from time to time; and

11.1.2. That the other Person or managing agent maintain all funds and accounts of the Master Association separate from the funds and accounts of other homeowners associations that are managed by such other Person or managing agent, and keep and maintain all reserve accounts of each such homeowners association so managed separate from operational accounts of the Master Association; and

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

ARTICLE 12. COMMITTEES

The Board of Directors shall appoint a Design Review Committee, subject to the provisions of the Master Declaration, and may appoint a nominating committee and an advisory committee. In addition, the Board of Directors may appoint other committee(s) as it deems appropriate, from time to time, in carrying out its purposes.

ARTICLE 13. BOOKS AND RECORDS

The Master Association shall make available to Owners current copies of the Master Declaration, Articles of Incorporation, these Bylaws, the rules and regulations, books, records and financial statements of the Master Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE 14. CORPORATE SEAL

The Master Association shall have a seal in circular form and within its circumference the words: CRYSTAL VALLEY RANCH MASTER ASSOCIATION, INC.

ARTICLE 15. AMENDMENTS

Section 15.1. These Bylaws may be amended by the Board of Directors. These Bylaws may also be amended by the Delegates as long as, prior to any meeting of Delegates at which an amendment will be voted on: the Master Association gives notice to each Delegate entitled to vote on the amendment; such notice states that one of the purposes of the meeting is to consider the amendment; such notice is accompanied by a copy or summary of the amendment; and, at such regular or special meeting of the Delegates at which a quorum is present in person or by proxy, the votes that are cast in favor of said amendment exceed the votes that are cast against

such amendment. In addition, these Bylaws may be amended by a vote of Delegates by written ballot as provided in these Bylaws.

Section 15.2. Notwithstanding anything to the contrary contained in this Article, the written approval of HUD or VA shall be required for any amendments enacted during the 75% Control Period if, at the time such amendment is enacted, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA requires such approval.

**ARTICLE 16.
CONFLICTS OF PROVISIONS**

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

**ARTICLE 17.
FISCAL YEAR**

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

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IN WITNESS WHEREOF, we, being all of the directors of Crystal Valley Ranch Master Association, Inc., have hereunto set our hands this 28th day of August, 2002.

DIRECTORS:

James R. Gibbon
John A. Walker
Paul J. Black

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of CRYSTAL VALLEY RANCH MASTER ASSOCIATION, INC. a Colorado non-profit corporation, and

That the foregoing Bylaws constitute the Bylaws of said Master Association as duly adopted at a meeting of the Board of Directors thereof, held on the 28 day of August, 2002.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Master Association this 28 day of August, 2002.

(SEAL)

James R. Gibbon
_____, Secretary