

BY-LAWS
FOR THE
SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION

I, the undersigned natural person of the age of twenty-one years or more, acting as an incorporator of a non-profit corporation under the Colorado Non-profit Corporation Act, adopt the following Articles of Incorporation for such corporation.

ARTICLE I
DEFINITION

1.1 Declaration. "Declaration shall mean and refer to the Declaration for SANTA FE TRAIL RANCH recorded 4/30/90* in the records in the office of the clerk and recorder of the county of Las Animas, Colorado, as the same may hereafter be amended from time to time.

1.2 Incorporated Definitions. The definitions set forth in Article I of the Declaration are hereby incorporated herein in full by this reference.

1.3 Articles of Incorporation. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation of the Association, as the same may hereafter be amended from time to time.

ARTICLE II
OFFICES

2.1 Registered Office and Agent. The registered office and agent of the Association in Colorado shall be designated by the Board from time to time.

2.2 Other Offices. The Association may establish and maintain such other offices at such places within the State of Colorado, as the Board may from time to time determine.

ARTICLE III

3.1 Annual Meetings. The first annual meeting of the members shall be held within three years from the date of incorporation of the Association in Las Animas County, Colorado, and each subsequent regular annual meeting of the members shall be held on to be determined each year thereafter, at the hour of to be determined.

3.2 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 the votes of the Class A membership.

3.3 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 purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in case of a special meeting, the purpose of the meeting.

3.4 Quorum. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) 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 By-Laws. 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.

3.5 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.

3.6 Action By Owners Without a Meeting. Any action required to be taken at a meeting of the Owners or any action which may be taken at such a meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Owners entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Owners of the Association. A consent shall be sufficient for this Section if it is executed in counterparts, in which event all of such counterparts, when taken together, shall constitute one and the same consent.

ARTICLE IV OWNERS' MEETINGS

4.1 Number and Term of Office. Subject to Article VI of the Articles of Incorporation, the Board shall consist of at least three directors. Each director (whenever elected) shall hold office until his or her successor shall have been elected and qualified unless he or she shall resign or his or her office shall become vacant by such director's death or removal. Directors shall be members (which in the case of Declarant may include any officer, director or employee of Declarant, elected or appointed to such office, and in the case of other corporate members, may include the officer or director of any such corporate member elected or appointed to such office).

4.2 Election of Directors. The term of the initial or first Board of Directors named in Section 6.2 of the Articles of Incorporation shall be until the first annual Owners' meeting for the election of directors or until their resignation or their successors are elected or approved and qualify. Thereafter, in order to provide for persons upon the Board of Directors with experience, the directors shall have overlapping terms of offices. Subject to Section 3.3 of these By-Laws, at the first annual Owners' meeting the successors to the initial or first Board of Directors shall be elected. The director receiving the highest number of votes at the first annual Owners' meeting shall be elected for a term of three years; the person receiving the second highest number of votes shall be elected for a term of two years and the person receiving the third highest number of votes shall be elected for a term of one year. At each annual Owners' meeting thereafter, successor directors shall be elected to replace only those directors whose term of office have expired and the successor directors shall be elected for terms of three years. Failure to annually elect successor directors of the Association shall not affect the validity of any action taken by a director who shall have been duly elected and qualified and who shall not, at the time of such action, have resigned, died or been removed from his or her position as a director of the Association.

4.3 Removal of Directors. Subject to the provisions of Section 5.2 of the Declaration and Section 3.3 of these By-Laws, at a meeting called expressly for that purpose, the entire Board or any lesser number may be removed, with or without cause, by a vote of the holders of a majority of the votes then entitled to vote at an election of directors.

4.4 Vacancies and Newly Created Directorships. Any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until his or her successor shall have been elected and qualified. Any directorship to be filled by reason of an increase in the number of directors shall, subject to the provisions of Section 5.2 of the Declaration and Section 3.3 of these By-Laws, be filled by the affirmative vote of a majority of the directors then in office or by an election at an annual meeting or at a special meeting of Owners called for that purpose. A director chosen to fill a position resulting from an increase in the number of directors shall hold such position until the next annual meeting of Owners and until his or her successor shall have been elected and qualified.

4.5 Resignations. A director may resign at any time by mailing or delivering or by transmitting by telegram or cable written notice of his or her resignation to the Board at the Association's principal office or its registered office in the State of Colorado or to the President, the Secretary or any assistant Secretary of the Association. Any such resignation shall take effect at the time specified therein or if no time be specified, then at the time of receipt thereof.

4.6 Duties and General Powers. It shall be the duty of the Board to perform the obligations and responsibilities imposed upon the Association by the Declaration. All provisions of the Declaration are deemed to be incorporated herein by this reference to the same extent and effect as if fully set forth herein and where any question of construction arises as to the interpretation of these By-Laws the provisions of the Declaration itself shall be controlling as to a statement of the intent and substance of these By-Laws. The business of the Association shall be managed by the Board, which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute or by the Declaration or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Owners. The Board may employ the services of a manager or managing agent, or both, and such independent contractors or other employees as it deems necessary, and may delegate any of the Board's duties; provided, however, when so delegating, the Board shall not be relieved of its responsibilities under the Declaration, Articles of Incorporation or these By-Laws. Administration of common elements and of assessments with respect to same shall be in conformance with Article IV and V of the Declaration.

4.7 Annual Meetings. The annual meeting of the Board for electing officers and transacting other business shall be held as soon as reasonably possible after the annual Owner's meeting. Failure to hold any annual meeting of the Board shall not work a forfeiture or dissolution of the Association.

4.8 Regular Meetings. The Board from time to time may provide by resolution for the holding of regular meetings and fix the time and place of such meetings. Notice of regular meetings of the Board need not be given, provided that notice of any change in the time or place of such meetings shall be sent promptly to each director not present at the meeting at which such change was made.

4.9 Special Meetings. Special meetings of the Board may be called by the President on three days' notice to each director specifying the time and place of the meeting, and shall be called by the President or Secretary in like manner and on like notice on the written request of two or more directors.

4.10 Notice. All notices to a director required by this Article IV shall be addressed to him or her at his or her residence or usual place of business and may be given by mail, telegram, radiogram, cable or by personal delivery. No notice need be given of any adjourned meeting.

4.11 Waiver of Notice. Whenever any notice is required to be given to any director under the provisions of any statute or under the provisions of the Articles of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before, at or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a director at a meeting of the Board shall constitute a waiver of notice of such meeting, except where a director attends such a meeting for the express purpose of objecting to the transactions of any business because the meeting is not lawfully called or convened.

4.12 Quorum. At all meetings of the Board a majority of the whole Board shall constitute a quorum for the transaction of business and, except as may be otherwise specifically provided by statute or by the Articles of Incorporation or by these By-Laws, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. In the absence of a quorum, the directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum be present.

4.13 Action By Directors or Committee Without Meeting. Any action required to be taken at a meeting of the directors or any committee thereof or any action which may be taken at such a meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or members of the committee, as the case may be, entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Board or of the committee, as the case may be. A consent shall be sufficient for this Section if it is executed in counterparts, in which event all of such counterparts, when taken together, shall constitute one and the same consent.

4.14 Meetings by Conference Telephoning. Any director or any member of a committee may participate in a meeting of the Board or a committee, as the case may be, by means of a conference telephone or similar

communications equipment by means of which all persons participating in such meeting can hear each other, and such participation shall constitute the presence of such person at such meeting.

4.15 Reliance on Accounts and Reports, etc. A director, or a member of any committee designated by the Board, in the performance of his or her duties shall be fully protected in relying in good faith upon the books of account or reports made to the Association by any of its officers, or by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board, or by any such committee, or in relying in good faith upon other records of the Association.

4.16 Compensation. No compensation shall be paid to directors for their services as directors. No remuneration shall be paid to a director for services performed by him or her for the Association in any other capacity, unless resolution authorizing such remuneration shall have been unanimously adopted by the Board before the services are undertaken.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS

5.1 Powers. The Board of Directors shall have the power to:

5.1.1 adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

5.1.2 suspend the voting rights and right to use of the recreational facilities 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 after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

5.1.3 exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provision of these By-Laws, the Articles of Incorporation, or the Declaration.

5.1.4 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

5.2 Duties. It shall be the duty of the Board of Directors to:

5.2.1 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 at 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;

5.2.2 supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

5.2.3 as more fully provided in the Declaration, to,

5.2.3.1 fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

5.2.3.2 send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of the assessment payment due date,

5.2.3.3 foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

5.2.4 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;

5.2.5 procure and maintain adequate liability and hazard insurance on property owned by the Association;

5.2.6 cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

5.2.7 cause the Common Area to be maintained.

ARTICLE VI COMMITTEES

6.1 Committees. The Board may, by a resolution adopted by a majority of the directors in office, designate and appoint one or more committees (each of which shall consist of two or more directors), which committees, to the extent provided in such resolution, in the Articles of Incorporation or in these By-Laws, shall have and exercise all the authority of the Board; provided, however, that no such committee shall have the authority of the Board in reference to: (a) amending, altering or repealing these By-Laws, (b) electing, appointing or removing any member of any such committee or any officer or director of the Association, (c) amending the Articles of Incorporation, (d) restating the Articles of Incorporation, (e) adopting a plan of merger or adopting a plan of consolidation with another corporation, (f) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property assets of the Association, (g) authorizing the voluntary dissolution of the Association or revoking proceedings therefor, (h) adopting a plan for the distribution of the assets of the Association or (i) amending, altering or repealing any resolution of the Board. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual director, of any responsibility imposed upon it or him or her by law.

ARTICLE VII OFFICERS AND AGENTS

7.1 Officers. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer, each of whom shall be elected by the Board. The Board may elect and appoint such other officers, assistant officers and agents as may be deemed necessary. No person may hold more than one office at any one time, except that the office of Secretary and Treasurer may be held by the same person. An officer of the Association need not be resident of the State of Colorado. Except for the President and Vice Presidents, officers of the Association need not be an Owner nor a director of the Association.

7.2 Term of Office. Except as provided in Sections 7.3, 7.4, 7.5 and 7.6 hereof, each officer appointed by the Board shall hold office until his or her successor shall have been appointed and qualified.

7.3 Election of Officers. The Officers of the Association shall be elected annually at the annual meeting of the Board. Failure to annually re-elect officers of the Association shall not affect the validity of any action taken by an officer who shall have been duly elected and qualified and who shall not, at the time of such action, have resigned, died or been removed from his or her position as an officer of the Association.

7.4 Resignation. Any officer or agent of the Association may resign at any time by mailing or delivering or by transmitting by telegram or cable written notice of his or her resignation to the Board at the Associations principal office or its registered office in the State of Colorado or to the President, the Secretary or any Assistant Secretary of the Association. Any such resignation shall take effect at the time specified therein or if no time be specified, then at the time of receipt thereof.

7.5 Removal. Any officer or agent may be removed by the Board, either with or without cause, whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

7.6 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or other cause, or if any new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

7.7 President. The President shall be a director and shall be the principal executive officer of the Association and, subject to the control of the Board, shall direct supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable the chief executive officer of an Association. The President shall preside at all meetings of the Owners. All checks issued by the Association must be signed by both the President (or Vice President) and the Treasurer.

7.8 Vice Presidents. Vice Presidents may act in place of the President in case of his or her death, absence, inability or failure to act, and shall perform such other duties and have such other authority as is from time to time delegated by the Board or by the President.

7.9 Secretary. The Secretary shall be the custodian of the records and of the seal of the Association and shall affix the seal to all documents requiring the same; shall see that all notices are duly given in accordance with the provisions of the Declaration and these By-Laws and as required by law, and that the books, reports and other documents and records of the Association are properly kept and filed, shall keep minutes of the meetings of the Owners and Board; shall keep at the registered office of the Association a record of the names and addresses of the Owners and, in general shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his or her death, absence, inability or failure to act.

7.10 Treasurer. The Treasurer shall have charge and custody of, and responsible for, all funds and securities of the Association; shall deposit all funds in the name of the Association in such depositories as shall be designated by the Board; shall keep correct and complete books and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require and, in general, shall perform all the duties incident to the office of Treasurer, and such other duties as may, from time to time, be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his or her death, absence, inability or failure to act. All checks issued by the Association must be signed by both the President (or a Vice President) and the Treasurer.

7.11 Compensation. Agents, factors and employees shall receive such reasonable compensation for their services as may be authorized or ratified by the Board. Appointment of an agent, factor or employee shall not of itself create contractual rights to compensation for services performed by such agent, factor or employee.

7.12 Surety Bonds. The Board may require any officer or agent of the Association to execute a bond to the Association in such sum and with such surety or sureties as the Board may determine, conditioned upon the faithful performance of his or her duties to the Association, including responsibility for negligence and for the accounting of any of the Association's property, funds or securities that may come into his or her hands.

7.13 Officers' and Directors' Personal Liability Insurance. To the extent obtainable, appropriate officers' and directors personal liability insurance shall be obtained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors in behalf of the Association.

ARTICLE VIII INDEMNIFICATION OF DIRECTORS AND OFFICERS

8.1 Exculpation. No director or officer of the Association shall be liable for the acts, defaults or neglects of any other director or officer, or for any loss sustained by the Association, unless the same has resulted from his or her own willful misconduct, willful neglect or negligence.

8.2 Indemnification. The Association shall indemnify every director, officer, agent or employee, and any former director, officer, agent, or employee against 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 such director, officer, agent or employee of the Association, except as to matters as to which such person shall be finally adjudged to be liable for gross negligence or fraud. Any such indemnification shall be limited to any may only be paid out of the insurance proceeds provided by an insurer furnishing Officers and Directors Errors and Omissions insurance coverage and any other insurance protecting the Association from liability because of the negligent acts of its servants, including insurance covering motor vehicles or public liability, property damage, medical and other similar coverage, it being the intent and purpose of this provision to limit all payments or settlements in indemnification to the actual proceeds of insurance policies.

No officer, director, agent or employee of the Declarant, its successors or assigns, nor of any managing agent who is an independent contractor, or any other independent contractor, shall be protected by these indemnification provisions nor by any insurance policies obtained by the Association in relation thereto, but any such protection is the sole and separate responsibility of the Declarant, its successors and assigns any managing agent who is an independent contractor as one of their expenses of doing business.

In the event of a settlement, the settlement shall be approved by the insurance carrier, and paid for by the insurance carrier out of the insurance proceeds.

8.3 Agency. Contracts or other commitments made by the Board or by officers shall be made as agent for the Association, and they shall have no personal responsibility on any such contract or commitment.

ARTICLE IX MISCELLANEOUS

9.1 Fiscal Year. The fiscal year of the Association shall commence on January 1 and terminate on the following December 31. The Board shall have the right from time to time to select any other fiscal year it deems proper.

9.2 Seal. The Board may adopt a corporate seal of such design as it may deem appropriate from time to time. Any officer or director of the Association shall have the authority to affix the corporate seal of the Association to any document requiring the same.

9.3 Books and Records. The Association shall keep detailed, accurate and complete books and records of the receipts and expenditures (including receipts and expenditures affecting and Common Elements) and shall keep minutes of the proceedings of the Owners, Board and Committees having any of the authority of the Board, and shall keep at its registered office or principal office in Colorado, a record of the names and addresses of the Owners entitled to vote. All the books and records of the Association shall be available for examination by any Owner or Mortgagee, or by his or her or its agent or attorney at convenient weekday business hours. Any owner shall be entitled to obtain a certificate of status of assessments setting forth the amount of any unpaid assessment or other charges due and owing from such Owner. Upon request and payment of a reasonable fee therefore, all Owners and First Mortgagees, shall have the right to obtain copies of the annual reports and other financial data pertaining to the Association. In addition to the foregoing, the Association shall make available to (a) all Owners, Mortgagees, and the holders, insurers, and guarantors of any First Mortgage on any individual lot, current copies of the Declaration, these By-Laws, any rules governing the Development and other books, records and financial statements of the Association, and (b) all prospective purchasers of individual lots, current copies of the Declaration, these By-Laws, any rules governing the Development and the most recent annual audited financial statement, if such is prepared. As used in the preceding sentence, "available" shall mean available for inspection, upon request, during normal business hours or under other reasonable circumstances. Upon 10 days notice to the Board and payment of a reasonable fee any lot owner shall be

furnished a statement of his account showing the amount of any unpaid assessment or any other charges due and owing.

9.4 Waivers of Notice. Whenever any notice is required to be given by law, or under the provisions of the Declaration, Articles of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before, at or after the time stated therein, shall be deemed equivalent of notice.

9.5 Amendments. The Owners shall have the power to make, alter, amend or repeal these By-Laws, in whole or in part, at any time and from time to time at any annual or special meeting of the Owners; provided that notice of the proposed alteration, amendment or repeal, or new By-Law is included in the notice of such meeting.

9.6 Annual Audited Financial Statements. Upon the close of each fiscal year, the Association shall obtain a review of its financial affairs for such year by a certified public accountant authorized to practice in the State of Colorado. Upon request, all Owners and First Mortgagees shall have the right to obtain copies of the annual reviewed financial statements of the Association within 90 days following the end of the fiscal year.

9.7 Document Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and these By-laws or between the Declaration and the Articles of Incorporation, the Declaration shall control.

9.8 Use Restrictions. There are specific use restrictions in effect, which are set forth in Article V of the Declaration and are hereby incorporated by this reference thereto.

9.9 Major Recreational Facilities and New Addition to Common Areas. There are no major recreational facilities with respect to the common area.

ARTICLE X ASSESSMENTS

10.1 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 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 herein by nonuse of the Common Area or abandonment of his lot.

C E R T I F I C A T I O N

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the
SANTA FE TRAIL RANCH Property Owners Association
a Colorado state corporation, and

THAT the foregoing By-Laws constitute the original By-laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 27th day of June 1990.

IN WITNESS THEREOF, I have hereunto subscribed my name and affixed the seal of said Association
this 27th day of June 1990.

Secretary Angela Riley-Baldwin