

**AMENDED AND RESTATED
BYLAWS
OF
GRASS MESA HOMEOWNERS ASSOCIATION**

**Article I
Purposes and Principal Office**

1. This non-profit corporation, (hereinafter referred to as "Association") is formed to administer and enforce the Amended and Restated Declaration of Covenants, Conditions, Restrictions and Easements recorded on _____, 2002, in Book _____ at Page _____ under Reception No. _____ of the records of the Clerk and Recorder of Garfield County, Colorado (hereinafter, "Declaration"), with respect to real property situated in said Garfield County, State of Colorado, constituting a planned community known as Grass Mesa Ranch as defined and described in the Declaration. The definitions of terms as set forth in Article I of the Declaration shall apply herein.

2. The principal office and place of business of the Association shall be at 1899 Grass Mesa Road, Rifle, CO 81650, and may be changed from time to time by resolution of the Board of Directors.

**Article II
Members**

1. Membership in the Association shall be as defined, described and governed by the Declaration, the Amended and Restated Articles of Incorporation of the Association ("Articles") and by these Amended and Restated Bylaws ("Bylaws"), as the same may be amended from time to time. A Lot Owner's membership in the Association shall terminate without any formal Association action whenever ownership of the lot in Grass Mesa Ranch ceases. Termination of membership shall not relieve or release any former Lot Owner from any liability or obligation owing the Association or impair any rights or remedies the Association may have against a former Lot Owner arising out of or in any way connected with his ownership of a Lot and membership in the Association.

2. Only members of record on the books of the Association shall be entitled to be treated by the Association as members in fact, and the Association shall not be bound to recognize any equitable or other claim to, or interest in, any membership on the part of any other person, firm or corporation, whether or not it shall have express or other notice thereof.

3. A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after twenty (20) days from the date of its execution.

ARTICLE III Directors

1. Number. The business, affairs and property of the Association shall be managed by a Board of Directors comprised of three persons who shall be elected to serve for a minimum of one (1) year or until his successor shall be elected and shall qualify.

2. Vacancy. Any vacancy occurring in the Board of Directors shall be filled by the remaining members of the Board of Directors, selecting a new director to fill the vacancy. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

3. Powers and Duties. The Board of Directors shall have all of the powers, rights and duties necessary for the administration of the affairs of the Association and may do all acts and things permitted, either expressly or by implication, under the Declaration, the Articles, these Bylaws, and under Colorado law, except for such actions as are expressly reserved to the members. The powers of the Board of Directors shall additionally include, but not be limited to, the power to promulgate rules and regulations pertaining to the Association's powers, rights and duties which are consistent with applicable law and the foregoing governing documents. The Board of Directors may delegate any of its powers, rights and duties to the extent permitted by law when the delegation is in the best interests of the Association, unless such delegation is otherwise expressly prohibited by the Declaration, the Articles or these Bylaws. The Board of Directors has the authority to hire outside professional services, including but not limited to, attorneys, accountants and property management firms. The Board shall assure that any delegation of duties with respect to the collection, deposit, transfer, or disbursement of Association funds is conducted in compliance with Colorado law, including but not limited to the provisions of the Common Interest Ownership Act, Sections 38-33.3-101, et seq., C.R.S., as it may be amended from time to time.

4. Annual Meeting of Directors. The annual meeting of the Board of Directors shall be held at the same place as, and immediately after, the annual meeting of the members, and no notice shall be required in connection therewith. The annual meeting of the Board of Directors shall be for the purpose of electing officers and the transaction of such other business as may come before the meeting.

5. Special Meetings of Directors. Special meetings of the Board of Directors may be called and held as provided in these Bylaws. In addition, special meetings of the Board of Directors may be held at any time that all directors are present in person; the presence of any directors at a meeting shall constitute waiver of notice of the meeting except as otherwise provided by law. Unless specifically required by law or these By-Laws, neither the business to be transacted at nor the purpose of, any meeting of the Board of Directors need to specified in the notice of waiver or notice of the meeting. Special meetings of the Board of Directors may be called by the president on five (5) days' notice to each director, either personally or by mail and shall be called by the

president or the secretary in the same manner and with the same notice on the written request of any two directors.

6. Place of Meetings. Meetings of the Board of Directors, may be held at such place or places either within or without the State of Colorado as shall from time to time be determined by the Board or as shall be fixed by the president and designated in the notice of the meeting.

7. Quorum of Directors. A majority of the number of the directors fixed pursuant to Section 1 of this Article III shall constitute a quorum at all meetings of the Board of Directors and the act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Declaration, the Articles or these Bylaws, or under Colorado law. In the absence of a quorum at any meeting, a majority of the directors present may adjourn the meeting to a later day and hour without further notice.

8. Compensation. Directors shall be paid no compensation by the Association for their services as directors. All directors may be allowed reimbursement of reasonable expenses incurred for attendance at each regular or special meeting of the Board as may from time to time be fixed by resolution of the Board. Nothing herein contained shall be construed to preclude any director from providing other valuable services (other than serving as a director or officer) to the Association and receiving compensation therefore.

9. Architectural Control Committee. The Board of Directors in addition to all of its other functions as delegated herein, shall appoint the members of the Architectural Control Committee of Grass Mesa Ranch, pursuant to the Declaration, which Committee shall exercise all of the powers and functions reserved unto and delegated to said Committee by the Bylaws of the Association and the Declaration. The Architectural Control Committee shall be composed of not less than three (3) nor more than five (5) persons.

10. Removal of Directors. When the notice indicates the purpose, any one or more directors may be removed at any regular or special meeting duly called, with or without cause, by a majority of the members. If the entire board of directors is removed, effective on the vote of a majority of the members, the members shall elect new directors. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting prior to voting thereon.

ARTICLE IV Officers

1. Numbers and Qualifications. The officers of the Association shall be a president, a secretary and a treasurer. The board of directors may also elect or appoint such other officers, assistant officers and agents, including a chairman of the board, a controller, assistant secretaries and assistant treasurers, as it may consider necessary. The

same individual may simultaneously hold more than one office in the Association. The president must be elected from the directors of the Association, but the other officers need not be directors of the Association. All officers must be members of the Association and must be at least eighteen years old.

2. Election and Term of Office. The elected officers of the Association shall be elected by the board of directors annually at the annual meeting of the board of directors following the election of directors. If the election of officers shall not be held at such meeting, such election shall be held as soon as convenient thereafter. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified, or until such officer's earlier death, resignation or removal.

3. Removal. Any officer or agent may be removed by the board of directors whenever in its judgment the best interests of the Association will be served thereby.

4. Vacancies. Any officer may resign at any time by giving written notice to the president or to the board of directors. An officer's resignation is effective when the notice is received by the Association unless the notice specifies a later effective date. If a resignation is made effective at a later date, the board of directors may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date with the provision that the successor does not take office until the effective date, or the board of directors may remove the officer at any time before the effective date and may fill the resulting vacancy. A vacancy in any office, however occurring, may be filled by the board of directors for the unexpired portion of the term. An officer who resigns or is removed or whose appointment has expired may deliver to the secretary of state for filing a statement to that effect pursuant to the Colorado Revised Nonprofit Corporation Act.

5. Reimbursement. Officers of the corporation shall be entitled only to such reasonable reimbursement for costs incurred or sums expended on behalf of the corporation as shall be fixed or allowed by the Board of Directors. No officer or director shall receive a salary or compensation from the corporation for serving as an officer or director.

6. President, also known as the Chairman of the Board. Subject to the direction and supervision of the board of directors, the president of shall be the chief executive officer of the Association. He shall preside at all meetings of the members and directors, shall have general and active management of the operation of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The president may prepare or cause to be prepared, execute, certify and record amendments to the Declaration on behalf of the Association after recommendation by the Board of Directors and approval by the members.

7. Secretary. The secretary shall give, or cause to be given, notice of all meetings and keep a record of their proceedings. The secretary shall be the custodian of the seal of the Association if the Association elects to maintain a seal, and shall have the power to

affix the same to all documents, or otherwise to attest to the execution of documents on behalf of the Association as authorized by the Declaration, the Articles, these Bylaws or by the Board of Directors. The secretary shall have charge of membership records of the Association and shall in general perform all duties as from time to time may be assigned to the secretary by the Board of Directors or the president.

8. Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the Association and shall deposit all such funds in the name of the Association in such banks or other depositories as shall be selected by the Board of Directors. The treasurer shall collect and receive and give receipts for all monies or securities belonging to the Association. In general, the treasurer shall perform all the duties incident to the office of the treasurer and such other duties as from time to time may be assigned to the treasurer by the Board of Directors or by the president. The treasurer, or such property manager as the Board may authorize to serve as treasurer and perform the duties thereof, shall give a bond for the faithful discharge of its duties *as* required by law.

9. Inability to Act. In the event of the absence or inability of any officer to act, the Board of Directors may delegate the powers or duties of the officer to any other officer, director or qualified person whom it may select.

10. Removal of Officer. An officer or agent may be removed by the Board of Directors, at a meeting called for that purpose, whenever in its judgment the best interest of the Association will be served thereby. The 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.

ARTICLE V Members' Meetings

1. Place. Meetings of members shall be held at the principal office of the Association or at such other place or places, within the State of Colorado as may, from time to time be determined by the Board of Directors. The date, place and time at which such meetings shall be held shall be stated in the notice of such meetings.

2. Annual Meetings. The annual meetings for the election of directors to succeed those whose terms expire and for the transaction of such other business as may come before the meeting shall be held in each year in June, at such date, time and place as the Board shall determine.

3. Special Meetings. Special meetings of members for any purposes may be called at any time by the Board of Directors and shall be called by the President of the Board of Directors or the secretary upon the request of the holders of not less than thirty (30) of the total members' votes in the Association entitled to vote at the meeting. The purpose of such special meeting shall be stated in the notice thereof.

4. Notice of Meetings. Notice of each meeting of the members, whether annual or special, shall be given not less than ten (10) days, nor more than fifty (50) days prior thereto, to each member of record entitled to vote thereat, by delivering written or printed notice thereof to each member personally or by mailing the same to his address as it appears on the books of the corporation. The notice of all meetings shall state the place, day and hour thereof.

5. Members Entitled to Vote. A list of members entitled to vote shall be kept at all times at the office of the Association's Secretary, and such list shall be produced and kept at the time and place of the meeting, and subject to the inspection of any member who shall be present. A copy of such list shall be available to any member of the Association upon three (3) days advanced written request.

6. Voting. Members of the Association shall have the right to vote at the election of the directors of the Association and upon all other matters properly brought to a vote of the members by virtue of the Declaration, the Articles, these Bylaws and under the laws of the State of Colorado, on the basis of one (1) vote per lot, in the following manner:

All members owning one (1) lot shall be entitled to cast one (1) vote for that lot. If any lots is owned by more than one (1) person or legal entity, those persons or legal entities must decide among themselves how their one (1) vote shall be cast on each matter voted on by the members. There shall be no fractional votes.

A majority of the total votes cast at a meeting at which a quorum is present shall be binding upon all Lot Owners for all purposes except when a higher percentage vote is required under the Declaration, the Articles, these Bylaws or under applicable law. Nothing herein shall be construed to prohibit action by consent or by written ballot as permitted by law.

7. Cumulative Voting. The cumulative system of voting shall not be used for any purpose. Owners shall be entitled to vote either in person or by proxy properly executed in writing by a member or by his duly elected attorney-in-fact; provided, however, that no such proxy shall be valid twenty (20) days after the date of its execution.

8. Suspension of Voting Rights. During any period in which a member is in default in the payment of any assessment(s) made by and for the Association, the voting rights of such member shall be suspended by the board of directors, without notice or hearing, until such assessment(s) has/have been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed thirty days, for violation of any rules and regulations established by the board of directors pursuant to the Declaration.

9. Quorum. No less than thirty (30) members entitled to vote, present in person or represented by proxy, at all meetings of members shall constitute a quorum. If a

quorum is not present or represented at any meeting, the holders of a majority of the votes present in person or represented by proxy and entitled to vote shall have the power to adjourn the meeting from time to time until a quorum shall be present or represented.

10. Chairman of the Meeting. The President shall call meetings of the members to order and act as chairman of such meetings. In the absence of said officer, any member entitled to vote thereat, or proxy of any such member may call the meeting to order and a chairman shall be elected. The secretary of the corporation shall act as secretary of such meetings.

ARTICLE VI

Finance

1. Reserve Fund. The Board of Directors, in its uncontrolled discretion, may set aside from time to time those sums it deems expedient as a reserve fund to meet contingencies for repairing or maintaining any property or property interests of the Association and for any other purpose, including capital improvements.

2. Assessments. The Board of Directors may fix, levy and collect assessments in the manner and for the purposes specified in the Declaration and these Bylaws and the members shall pay assessments as therein provided.

3. Bank Account(s). The monies of the Association shall be deposited in the name of the Association in any bank or banks or trust company or trust companies the Board of Directors shall designate and may be drawn out only on checks signed in the name of the Association by such person or persons as the Board of Directors may direct. Notes and commercial paper, when authorized by the Board, shall be signed in the name of the Association by such officer or officers or agent or agents as shall thereunto be authorized from time to time.

4. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board of Directors.

ARTICLE VII

Assessments

1. Levied by Board of Directors. Assessments may be levied by the Board of Directors as provided in the Declaration on the Lots in Grass Mesa Ranch and the Owners thereof, for each Lot's pro rata share of the common expenses, if any, of the Association. For purposes of assessments, each Lot's pro rata share shall be a fraction of the total, the numerator of which fraction shall be one and the denominator of which shall be the total number of Lots in Grass Mesa Ranch subject to the Declaration.

2. Assessments and Liens. Every assessment duly levied against any member by the Association shall become a lien on the lands and improvements to the lands owned by

such member in the area defined as Grass Mesa Ranch, as well as the personal obligation of each member. The Association shall be entitled to maintain an action in the County or District Court in and for the County of Garfield and State of Colorado, for the purpose of recovering any unpaid assessment made against any member, and for the purpose of foreclosing its lien against the real property and improvements of such member for the satisfaction of such unpaid assessments. Delinquent assessments shall bear interest and attorney's fees as provided hereinbelow. The Association's lien for assessments shall be prior to all other liens and encumbrances on a Lot subject to the provisions for priority of assessment liens in the Common Interest Ownership Act, Section 38-33.3-101, et seq., C.R.S. The Board of Directors may, in its *sole* discretion, subordinate the lien provided for in this paragraph to any second or subsequent mortgage or deed of trust *on a Lot*.

3. Delinquent Assessments. An assessment of any nature that is not paid when due, is delinquent. Delinquent assessments shall bear interest from the due date at the rate of eighteen percent (18%) per annum. Additionally, the Board may establish and charge late charges for assessments that are not timely paid. If the Association institutes suit to collect delinquent assessments by foreclosure of lien, by personal action, or otherwise, the Association shall receive full reimbursement of all amounts due, including late charges, its costs, expenses and reasonable attorney's fees incurred in said action.

ARTICLE VIII

Conveyances

All conveyances and encumbrances of all or any part of the real property or interests therein owned by the Association shall be executed by the president, also known as the Chairman of the Board, and countersigned by the secretary, but only upon the authority granted to said officers by a resolution adopted by the affirmative vote of sixty seven percent (67%) or more of the total number of votes entitled to be cast by members of the Association. A certification contained in any such conveyance or encumbrance reciting the names of the president and secretary and the conveyance or encumbrance and setting forth the text of the resolution of the members authorizing the conveyance of encumbrance, and the vote by which it was adopted, signed and acknowledged by both the president and the secretary of the Association shall be binding upon the Association as to the facts therein stated.

ARTICLE IX

Indemnification and Limitation of Liability

1. Indemnification of Directors, Officers, Etc. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (other than an action by or in the right of the Association), because the person is or was a director, officer, committee member, employee, fiduciary, or agent of the Association. The Association shall indemnify the person against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in

connection with such action, suit, or proceeding if the person's conduct was in good faith and the person reasonably believed his/her conduct was in the best interests of the Association (in the case of conduct in an official capacity with the Association) or not opposed to the best interests of the Association (in all other cases) and if the person had no reasonable cause to believe his or her conduct was unlawful (in the case of any criminal proceeding). The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the person did not meet the standard of conduct set forth above. Notwithstanding any other provisions set forth above, no person shall be indemnified under this section in connection with a proceeding by or in the right of the Association in which the person was adjudged liable to the Association, or in connection with any other proceeding charging that the person derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the person was adjudged liable on the basis that he or she derived an improper personal benefit.

2. Mandatory Indemnification. The Association shall indemnify any person who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a director, officer, committee member, employee, fiduciary, or agent of the Association, for the reasonable expenses incurred by him or her in connection with the proceeding.

3. Advance of Expenses. The Association shall pay for or reimburse the reasonable expenses incurred by any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (other than an action by or in the right of the Association), because the person is or was a director, officer, committee member, employee, fiduciary, or agent of the Association in advance of final disposition of the proceeding if the person furnishes to the Association a written affirmation of the person's good faith belief that the person has met the standard of conduct described above in paragraph 1 of this Article, the person furnishes to the Association a written undertaking, executed personally or on the person's behalf, to repay the advance if it is ultimately determined the person did not meet the standard of conduct (which undertaking shall be an unlimited general obligation of the person but need not be secured and may be accepted without reference to financial ability to make repayment), and a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. Determinations and authorizations of payments under this paragraph shall be made in the manner specified hereinbelow.

4. Determination and Authorization of Indemnification. The Association may not indemnify a person under this Article unless authorized in the specific case after a determination has been made that indemnification of the person is permissible in the circumstances because the person has met the standard of conduct set forth in that section. The Association shall not advance expenses to a person for indemnification hereunder unless authorized in the specific case after the written affirmation and undertaking required as set forth above are received and the determination required by

that section has been made. The determinations required by this paragraph shall be made by the Board of Directors by a majority vote of those present at a meeting at which a quorum is present, and only those directors not parties to the proceeding shall be counted in satisfying the quorum; or, if a quorum cannot be obtained, by a majority vote of a committee of the board of directors designated by the board of directors, which committee shall consist of two or more directors not parties to the proceeding (except that directors who are parties to the proceeding may participate in the designation of directors for the committee). If a quorum cannot be obtained as set forth above and a committee cannot be established as set forth above, or, even if a quorum is obtained or a committee is designated, if a majority of the directors constituting such quorum or such committee so directs, the determination required to be made regarding the standard of conduct shall be made by independent legal counsel selected by a vote of the Board of Directors or the committee in the manner specified above, or, if a quorum of the full Board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full Board of Directors, or by the members, but members who are also directors and who are at the time seeking indemnification may not vote on the determination. Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible, except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

5. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the Association, against liability asserted against or incurred by the person in that capacity or arising from his or her status as a director, officer, employee, fiduciary, or agent, whether or not the Association would have power to indemnify the person against the same liability under this Article.

6. Other Indemnification. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which any person may be entitled under the Articles of Incorporation, any agreement, any other provision of these Bylaws, vote of the members or disinterested directors or otherwise, and any procedure provided for by any of the foregoing, both as to action in such person's official capacity and as to action in another capacity while holding such office.

7. Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as the Board of Directors or members may deem appropriate in each specific case, including but not limited to any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any action shall be counsel that is mutually agreeable to the person to be indemnified and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association shall be subrogated, to the extent of any

payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

8. Notice to Members of Indemnification. If the Association indemnifies or advances expenses to a person under this Article in connection with a proceeding by or in the right of the Association, the Association shall give written notice of the indemnification or advance to the members with or before the notice of the next members meeting. If the next member action is taken without a meeting at the behest of the Board of Directors, such notice shall be given to the members at or before the time the first member signs a writing consenting to such action.

ARTICLE X Waiver of Notice

Any member, officer or director may waive, in writing, any notice required to be given by law or under these Bylaws, whether before or after the time stated herein. Attendance and participation at a meeting shall constitute waiver of the required notice except as otherwise provided by law.

ARTICLE XI Action Without a Meeting

Nothing in these Bylaws shall be construed to prohibit any action required to be taken or which might be taken at a meeting of the directors or members of this Association to be taken without a meeting, if the method for taking such action, whether by consent or by written ballot, is authorized by and undertaken in accordance with applicable law.

ARTICLE XII Amendments

These Bylaws may be altered, amended or replaced at the annual meeting of the members or at any special meeting of the members called for that purpose only by sixty percent (60%) of the total number of votes of the members whether present in person or represented by proxy.

Director

Director

Director

I hereby certify that the foregoing Amended and Restated By-Laws were ratified and adopted by _____ voting members of the Association pursuant to written ballot conducted in accordance with Colorado law effective the ____ day of _____, 2002.

Secretary

Date: _____