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**BYLAWS
OF
HOLIDAY ACRES PROPERTY OWNERS ASSOCIATION**

**ARTICLE I
OBJECTIVES AND PURPOSES**

Section 1: PURPOSE. The purpose for which this nonprofit corporation (hereinafter the "Association") is formed is to provide for the operation of the development known as Holiday Acres, Archuleta County, Colorado. Any property which is currently subject to or elects to become subject to the Protective Covenants of Holiday Acres, Archuleta County, Colorado recorded May 17, 1974 in Book 137 at Pages 103-105, Reception No. 80066 of the records of Archuleta County Clerk and Recorder, and all amendments thereof, hereinafter collectively referred to as "the Covenants" shall be governed by the Association. The objective of the Association shall be to maintain an attractive residential community in Holiday Acres and to prevent nuisances, protect the value and amenities of the property and provide for the maintenance of common properties and facilities for the benefit of all present and future owners.

Section 2: COMPLIANCE REQUIRED. All present and future owners of the property described above shall be subject to the regulations set forth in these Bylaws. The acquisition of any lot in Holiday Acres which is subject to the Covenants will signify that these Bylaws are accepted, ratified and will be complied with.

**ARTICLE II
OFFICES**

Section 1: LOCATION. The offices of the Association shall be located in Pagosa Springs, CO.

**ARTICLE III
MEMBERSHIP**

Section 1: MEMBERSHIP. Every owner of a lot which is subject to the Covenants as shown by the records of the Archuleta County Assessor, shall be a member of the Association and shall remain a member for the period of ownership of a lot and shall be subject to the membership requirements of the Association.

-Voting Members: A Member of the Association shall be deemed a Voting Member if dues owed on any and all lots have been paid in full.

Section 2: ANNUAL MEETING. The Annual Meeting of the Association shall be held each year on the second Saturday in September at the principal office of the Association or such other location as shall be designated by the Board of Directors for the purpose of electing Association Directors, and Architectural Review Committee and such other business as may be brought before the meeting.

Section 3: SPECIAL MEETINGS. Special meetings of the members, other than those regulated by statute, may be called at any time by the President or a majority of the Board of Directors. Such meetings may be held at such times or places as may be determined by a majority of the Board of Directors. Notice of such meetings, stating the purpose or purposes for which called, shall be served personally or by mail not less than ten days before the date set for such meeting. If mailed, it shall be directed to a member at his address as it appears in the records of the Association; but at any meeting at which all members shall be present, the giving of such notices

may be dispensed with. Further, all such notices may be dispensed with as to any member not present who has waived notice in writing. The Board of Directors shall call a special meeting of members, in like manner, whenever requested to do so in writing by a member or members constituting not less than ten percent of the outstanding membership of the Association. No business other than that specified in the Notice of the special meeting shall be transacted at any special meeting of the members.

Section 4: NOTICE OF MEETINGS. Written notice stating the place, day and hour of any meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, 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, or the officer or other persons calling the meeting, to each member of record. If mailed, such notice shall be deemed to be delivered when deposited in the US Mail, addressed to the member at his address as it appears in the records of the Association, with postage thereon prepaid.

Section 5: QUORUM. The presence in person or by proxy, of a majority of the voting members shall be necessary for a quorum for the transaction of business, but a lesser number may adjourn for a period not to exceed sixty (60) days at any one adjournment, and the Secretary shall thereupon give at least ten days notice in writing to each member entitled to vote who was not present either in person or by proxy at such meeting.

Section 6: VOTING. The owners of each lot subject to the Covenants, if voting members, shall have one (1) vote. When more than one person holds an interest in a lot, they may appoint one of the co-owners or a delegate as proxy to cast a vote for the lot. The vote for such lot shall be cast as the owners thereof agree, but the voting interest allocated to such lot shall not be divided among co-owners.

Section 7: MANNER OF VOTING. A Voting Member shall be entitled to vote in person or by written proxy. A proxy shall be valid for eleven (11) months from the date of its execution unless otherwise provided in the proxy. Voting Members shall also be permitted to vote by mail for election of Directors or other officers. Any other matter requiring a vote of the membership is also authorized by mail and a majority vote of the Voting Members casting ballots is required for decision except a proposed plan of merger, consolidation or dissolution shall require an affirmative vote of at least 2/3 of the members entitled to vote..

Section 8: ACTION BY MEMBERS WITHOUT A MEETING. Any action required or permitted to be taken by the members may be taken without a meeting provided written consent to such action describing the action taken and signed by voting member is delivered to the Secretary of the Association for inclusion in the Association records. The action shall be effective upon the date of the last consent, unless the consent specifies a different effective date.

Section 9: WAIVER OF NOTICE. When any notice is required to be given to any member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein shall be equivalent to the giving of such notice. The attendance of the member at any meeting shall constitute a waiver of notice, waiver of objection to defective notice of such meeting, or a waiver of objection to the consideration of a particular matter at the member meeting unless the member, at the beginning of the meeting, objects to the holding of the meeting, the transaction of business at the meeting, or the consideration of a particular matter at the time it is presented at the meeting.

ARTICLE IV
BOARD OF DIRECTORS

Section 1: NUMBER. The affairs and business of this Association shall be managed by a Board of Directors consisting of five persons who shall be Voting Members of the Association but need not be residents of the State of Colorado. Directors shall be elected by a plurality vote of the voting members at the annual meeting.

Section 2: TERM OF OFFICE. All Directors shall be elected to two year terms or until their successors have been duly elected and assume office. Three (3) Directors shall be elected in even numbered years and two (2) Directors shall be elected in odd numbered years. (In 1997, three (3) Directors shall be elected for a one year term and two (2) Directors shall be elected for a two year term.)

Section 3: DUTIES OF DIRECTORS. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association. The Board of Directors may do all such acts and things necessary to perform their duties except as prohibited by law or by these Bylaws or by the Covenants. The Directors may adopt such rules and regulations for the conduct of their meetings and the management of the Association as they deem proper, and as are not inconsistent with these Bylaws, the Covenants and the laws of the State of Colorado.

Section 4: DIRECTORS' MEETINGS.

a) Annual Meeting- The annual meeting of the Board of Directors shall be held immediately upon the adjournment of the annual meeting of the Association and at the same place. No special notice of this meeting need be given.

b) Regular Meetings- Regular meetings of the Board of Directors shall be held at such times and places upon such notice, if any, as the Board of Directors shall by resolution from time to time determine.

c) Special Meetings- Special meetings of the Board of Directors may be called upon the written request of any three Directors filed with the Secretary. Notice shall be given to each Director, by mail or by personal notice, stating the time and place of the meeting.

Section 5: NOTICE OF MEETING. Notice of meetings, other than the regular annual meetings, shall be given by service upon each director in person, by telegram, by facsimile transmission or by mailing to him at his last known business address at least three days before the date therein designated for such meeting, including the day of mailing, a written or printed notice stating the time and place of such meeting. The notice need not state the matters or business to be considered at such meeting. At any meeting at which every member of the Board of Directors is present, although held without notice, or to which the Directors not present have waived notice in writing, such presence or waiver shall be deemed equivalent of notice, a waiver of all objections to the manner of calling said meeting, and a ratification of the validity of said meeting.

Section 6: ACTION WITHOUT A MEETING. Any action authorized in writing by all of the Directors entitled to vote thereon and filed with the minutes of the Association shall be the act of the Board of Directors with the same force and effect as if the same had been passed by unanimous vote at a duly called meeting of the Board.

Section 7: PARTICIPATION BY ELECTRONIC MEANS. Any member of the Board of Directors, or any committee designated by such Board, may participate in a meeting of the Board of directors or committee by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting. All expenses for such participation shall be borne by the person participating at a distance.

Section 8: QUORUM. At any meeting of the Board of Directors, a majority of the Board shall constitute a quorum for the transaction of business; but in the event of a quorum not being present, a lesser number may adjourn the meeting to some future time, not more than thirty-one days later.

Section 9: VOTING. At all meetings of the Board of Directors, each director shall have one vote. Except as otherwise required by law, the Articles of Incorporation or the Covenants, 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.

Section 10: VACANCIES. Vacancies in the Board occurring between annual meetings shall be filled for the unexpired term by a person or persons selected by a majority of the remaining Directors.

Section 11: REMOVAL OF DIRECTORS. Any one or more of the Directors may be removed with cause in the manner provided for in the Colorado Corporation Code.

Section 12: COMPENSATION. No member of the Board of Directors shall receive any compensation for services rendered as a director; provided, however, that the Directors may receive reimbursement for actual expenses and compensation for services rendered to the Association in any other capacity.

ARTICLE V FISCAL MANAGEMENT

Section 1: GENERAL. The provisions of these Bylaws shall control the management of the financial affairs of the Association except when in conflict with the Covenants.

Section 2: ASSESSMENTS. The Board of Directors shall establish each year an assessment for each lot based on a proposed budget which shall be sufficient to provide funds necessary for the operation of the Association. Notices of the amount of the assessment will be sent to each lot owner who shall thereupon promptly pay the assessment. No lot owner shall be entitled to vote as a member at any annual or special meeting, whether in person or by mail, or vote as a Director at any regular or special meeting of the Board of Directors unless all assessments have been paid in full. The assessment for 1997 will be thirty-five (\$35.00) dollars for each lot owned.

Section 3: SPECIAL ASSESSMENTS. The Board of Directors shall also have the authority to establish special assessments to meet any financial shortfalls. Such assessments would be billed at the time any such shortfall becomes apparent.

ARTICLE VI OFFICERS

Section 1: NUMBER. The Executive officers of the Association shall be President, Vice-President, Secretary & Treasurer. Any two or more offices may be held by the same person except the offices of President and Secretary. The Executive officers of the Association shall be elected from the Board of Directors at its meeting immediately following the Annual Meeting of the Association.

Section 2: ELECTION. All officers shall be appointed by and serve at the pleasure of the Board of Directors.

Section 3: PRESIDENT. The President shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all the

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business and affairs of the corporation. He or she shall, when present, and in the absence of a share of the Board, preside at all meetings of the members and of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors, deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 4: VICE-PRESIDENT. The Vice-President shall, in the absence of the President or in the event of his/her death, inability or refusal to act, perform all duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 5: SECRETARY. The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (e) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Section 6: TREASURER. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board or Directors.

Section 7: VACANCIES - HOW FILLED. All vacancies in any office shall be filled by the Board of Directors without undue delay, either at its regular meeting or at a meeting specially called for that purpose.

Section 8: REMOVAL OF OFFICERS. By majority vote, the Board of Directors may remove any officer at any time, with cause.

Section 9: SALARY. No officer of the Association shall receive a salary for his services rendered as such; provided, however, officers may be reimbursed for actual expenses and may be compensated for other services rendered to the Association.

Section 10: CONTRACTS. No contract or other transaction between the Association and any other entity shall be impaired, affected or invalidated nor shall any director or officer be liable in any way by reason of the fact that any one or more of the Directors or officers of this Association is or are interested in, or are Directors or officers of such other entity, provided that such facts are disclosed or made known to the Board of Directors.

Any Director, personally and individually, may be a party to or may be interested in any contract or transaction of this Association, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve or ratify such contract or transaction by the vote (not counting the vote of any such director) of a majority of the Board notwithstanding the presence of any such director at a meeting at which such action is taken. Such a Director or directors may be counted in determining the presence of a quorum at such meeting. This section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law applicable thereto.

**ARTICLE VII
ARCHITECTURAL REVIEW COMMITTEE**

Section 1: ELECTION AND NUMBER. The Architectural Review Committee consisting of five voting members shall be elected at the annual meeting by a plurality vote of the voting members. The Committee must consist of at least three members in order to perform its duties.

Section 2: TERM. The term of each member shall be two years with the exception of 1997. In 1997 three members will be elected for one year each and two members will be elected for two years each. Thereafter, three members will be elected in each even-numbered year and two members will be elected in each odd-numbered year.

Section 3: OFFICERS. The Architectural Review Committee will elect a Chairperson and such other officers it deems necessary. The President of the Board of Directors cannot serve as Chairperson of the Architectural Review Committee.

Section 4: DUTIES. Duties of the Architectural Review Committee shall be as defined in the Protective Covenants of Holiday Acres, as amended. The Architectural Review Committee is responsible to the Board of Directors, and shall present all recommendations for action to the Board of Directors for approval.

Section 5: VACANCIES. Vacancies in the Committee shall be filled by appointment by the Board of Directors.

Section 6: APPEAL OF THE COMMITTEE'S DECISION. Decisions of the Architectural Review Committee may be appealed to the Board of Directors, whose answers to appeals will be considered final.

**ARTICLE VIII
INDEMNIFICATION OF DIRECTORS, OFFICERS & MANAGING AGENT**

Section 1: INDEMNIFICATION. The Association shall indemnify every director and officer, their respective successors, personal representatives and heirs, against all loss, cost and expenses, including attorney fees, reasonably incurred by him or her in connection with any action, suit or proceeding to which he or she may be made a party by reason of his or her being, or having been, a director or officer of the Association except as to matters as to which he or she shall finally be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. The Board may provide insurance for the Directors and officers for the purpose of complying with the indemnification required hereunder.

Section 2: AGENCY. All contracts or other commitments or obligations made by the Board of Directors or officers shall be made as agent for the Association or lot owners and they shall have no personal responsibility or liability on any such contract or commitment except as a lot owner.

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The liability of any lot owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereof as the common interest of each lot owner bears to the aggregate common interest of all the lot owners.

Section 3: INSURANCE. The Board of Directors shall obtain and maintain in full force and effect the insurance coverage required by the Covenants or by law. The Board may require any Managing Agent or independent contractor providing services to the Association to obtain and maintain in full force and effect such insurance coverage as the Board deems appropriate for the services being rendered.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 1: SEAL. The Seal of the Association shall be as follows:

A circular impression bearing the words, "Holiday Acres Property Owners Association" in the outer circumference of the impression which surrounds the word "SEAL", and conforming with the impression in the margin of this page.

Section 2: FISCAL YEAR. The fiscal year of the Association shall be from January 1st to December 31st until changed by the Board of Directors subject to applicable law.

ARTICLE X AMENDMENTS

Section 1: BY MEMBERS. The Bylaws of the Association may be altered or amended by a majority vote of those votes cast by all Voting Members either in person or by mail.

CERTIFICATE

I, the undersigned, Secretary of Holiday Acres Property Owners Association, do hereby certify that the foregoing is a true and complete copy of the Bylaws of said Association and as the same were adopted by the Directors of said Association on the 19th day of March, 1997.

IN WITNESS WHEREOF, I have hereunto affixed the Seal of said Association and subscribed my name this 28th day of March, 1997.



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