

**BYLAWS
OF
GHOST RIVER RANCH
PROPERTY OWNERS ASSOCIATION**

**ARTICLE I
Name, Location and Object**

The name of the Association is the Ghost River Ranch Property Owners Association hereinafter referred to as the "Association." The principal office of the Association shall be located at 7514 Bell Drive, Colorado Springs, Colorado and meetings of members and directors shall be held at the principal office of the Association, or at such other place within the State of Colorado as may be designated by the Board of Directors. The purpose for which the Association is formed is to oversee and govern the Ghost River Ranch development located in Pueblo and Huerfano Counties, Colorado, described in the Declaration of Covenants, Conditions and Restrictions and all amendments and supplements thereto (the "Declaration"). All terms defined in said Declaration or in the Association's Articles of Incorporation ("Articles") shall have the same meaning herein unless otherwise defined. The Association shall be a "nonprofit" association and shall operate under the Colorado Nonprofit Corporation Act.

**ARTICLE II
Meeting of Members**

Section 2.1 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Parcel which is now or hereafter subject to the Declaration, including contract purchasers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Ranch.

Section 2.2 Transfer of Membership. A membership in the Association and the share of a member in the assets of the Association shall not be assigned or transferred except as provided in the Declaration, as amplified by the Articles. The Association shall be entitled to treat the person or persons in whose name or names the membership is recorded on the books and records of the Association as the member until such time as evidence of a transfer of title, satisfactory to the Association, has been submitted to the Secretary or the Managing Agent.

Section 2.3 Voting Rights. Where the vote of the members is required or permitted by the statutes of Colorado, the Declaration, the Articles or these Bylaws, any one of Co-Owners of a membership present or represented by proxy shall be accepted automatically by the Association as the agent and attorney-in-fact for other Co-Owners not present or represented by proxy, for the purpose of casting the vote of that membership. Voting by proxy shall be permitted. Proxies must be executed in writing by the Owner or Co-Owner or his duly authorized attorney-in-fact and must be filed with the Secretary before the appointed time of each meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. The Association may suspend the voting rights of a member for failure to comply with Rules and Regulations of the Association or for failure to comply with any other obligations of ownership of a Lot under the Declaration.

Section 2.4 Annual Meetings. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter. The day and time of the annual meeting shall be fixed by the Board of Directors.

Section 2.5 Special Meetings. Special meetings of the members may be called at any time by the President or by a majority of the Board of Directors, or upon written request of one third (33 1/3%) or more of the members who are entitled to vote.

Section 2.6 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 hand delivery or mailing a copy of such notice, postage prepaid, at least ten (10) days, but not more than fifty (50) days before such meeting to each member entitled to vote at the meeting, 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 the case of a special meeting, the purpose of the meeting.

Section 2.7 Action of Members at a Meeting. Every act or decision done or made by a majority of the members present or by telephone at a duly held meeting at which a quorum is present shall be regarded as the act of the members.

Section 2.8 Action of Members Without a Meeting. Any action required to be taken, or any action which may be taken at a meeting of the members 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 of memberships entitled to vote with respect to the subject matter thereof.

Section 2.9 Quorum. The presence at a meeting of the members entitled to cast, or of proxies entitled to cast, two-thirds (66 2/3%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Article, the Declaration or these Bylaws. Notwithstanding, in the event a member owns two-thirds (66 2/3%) of the votes, a quorum must include all members entitled to vote, and a majority necessary under Section 2.7 shall require the affirmative vote of five-sixths of the votes.

ARTICLE III

Board of Directors; Selection; Term of Office

Section 3.1 Number. The affairs of this Association shall be managed by a Board of not more than three (3) directors who shall be members of the Association. In the case of members who are family entities, an officer or director, as applicable, may act as a member of the Board of Directors.

Section 3.2 Term of Office. At the first annual meeting, the members shall elect two directors for a term of one (1) year, and the remaining director for a term of two (2) years. At each annual meeting thereafter, the members shall elect a director or directors, as the case may be, for a term of two (2) years to replace the outgoing director or directors.

Section 3.3 Removal. Any director may be removed from the Board, with or without cause, by a two-third percent (66 2/3%) vote members of the association, at a meeting called for that purpose at which a quorum is present. In the event of death, resignation or removal, a successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 3.4 Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 3.5 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 by obtaining the written approval of all directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 3.6 Nomination. Nomination for election to the board of Directors may be made by any member no more than two (2) weeks prior to any meeting in which a director shall be elected. Nominations may also be made from the floor at the annual meeting. There shall be as many nominations for election to the Board of Directors as shall be needed to fill the number of vacancies that are to be filled.

Section 3.7 Election. Election to the Board of Directors shall be by secret written ballot or show of hands. At such elections, the members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IV
Meetings of Directors

Section 4.1 Regular Meetings. Regular meetings of the Board of Directors may be held as often as necessary, without notice, at such place and time as may be fixed from time to time by resolution of the Board.

Section 4.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director. Such notice may be given in person, orally, or in writing to each director. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors, need be specified in the notice or waiver of notice of such meeting.

Written waiver of notice signed by a director, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4.3 Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4.4 Action of Directors Without a Meeting. Any action required to be taken, or any action which may be taken, at a meeting of the directors, 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 entitled to vote with respect to the subject matter thereof.

ARTICLE V
Powers and Duties of the Board of Directors

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

(a) Adopt, amend, publish and repeal Rules and Regulations governing the Common Elements; prepare, execute, certify and record amendments to the declaration on behalf of the association pursuant to CRS 38-33.3-306(1)(d);

(b) Suspend the voting rights 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 sixty (60) days for infraction of published Rules and Regulations;

(c) Exercise for the Association of all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles or the Declaration;

(d) 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;

(e) Authorize the officers to enter into one or more management agreements with third parties in order to facilitate efficient operation of the properties. It shall be the primary purpose of such management agreements to provide for the administration, management, repair and maintenance of the properties, all improvements included therein and designated Common Elements, and the receipt and disbursement of funds as may be authorized by the Board of Directors. The terms of said management agreements shall be as determined by the Board of Directors to be in the best interest of the Association, and shall be subject in all respects to the respects to the Articles, these Bylaws and the Declaration;

(f) Designate and employ personnel for the operation, maintenance, repair and replacement of the Common Elements and remove said personnel who have breached the terms of the Declaration, Articles, these Bylaws or the Association's Rules and Regulations;

(g) Carry on the administration of the Association and to do all things necessary and reasonable in order to govern and operate the Project.

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

(a) 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 thirty-three and one-third percent (33 1/3 %) of all members who are entitled to vote;

(b) Supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration to:

(i) Adopt budgets for revenues, expenditures and reserves and fix the amount of the annual Common Expense Assessment against each Lot at least thirty (30) days in advance of each annual Common Expense Assessment period;

(ii) Send written notice of each Common Expense Assessment to every Owner subject thereto at least thirty (30) days in advance of each annual Common Expense Assessment period if there is any change in the amount of the annual Common Expense Assessment; and

(iii) Foreclose the lien against any Lot for which Common Expense 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;

(d) Issue, or cause an appropriate officer to issue, upon demand as provided in the Declaration, a certificate setting forth whether any Common Expense Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states a Common Expense Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability insurance on the Project as more fully provided in the Declaration;

(f) Notify, in writing, the First Mortgagee or insurer of any Lot, upon written request, when the Owner thereof is in default in payment of any Common Expense Assessment, or otherwise in default of any obligation under the Declaration, the Articles, or these Bylaws and the Board of Directors has actual knowledge of such default, and said default remains uncured for a period of sixty (60) days;

(g) Cause the Common Elements to be maintained;

(h) Carry out all other duties and obligation as may be provided for in the Declaration, the Articles or these Bylaws.

ARTICLE VI Indemnification

The Association shall indemnify and hold harmless each person who shall serve as a director or officer of the Association from and against any and all claims and liabilities to which such person shall become subject by reason of his service to the Association, and shall reimburse each such person for all legal and other expenses reasonably incurred by him in connection with any claim or liability provided, however, that no such person shall be indemnified against, or be reimbursed for, any expense incurred in connection with any claim or liability arising out of his own wanton and willful acts or omissions.

The rights accruing to any person under the foregoing provisions of this Article VI shall not exclude any other right to which he may be lawfully entitled, nor shall anything herein contained restrict the right of the Association to indemnify or reimburse such person in any proper case even though no specifically herein provided for. The Association, its directors, officers, employees and agents shall be fully protected in taking any action or making any payment under this Article VI, or in refusing so do to, in reliance upon the advice of counsel.

ARTICLE VII Officers and Their Duties

Section 7.1 Officers. The officers of this Association shall be President, Vice President, Secretary /Treasurer, who shall at all times be elected from among the members of the Board of Directors and such other officers as the Board may from time-to-time by resolution create.

Section 7.2 Election. The election of officers shall take place at the first meeting of the Board of Directors following such annual meeting of the members.

Section 7.3 Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 7.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time-to-time, determine.

Section 7.5 Resignation and Removal. Any officer may be removed from office with or without cause by the board. Any officer may resign at any time by giving written notice to the Board, the President or Secretary. Such resignation shall take effect on the date or 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 7.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7.7 Multiple Offices. The offices of the Secretary and Treasurer may be held by the same person.

Section 7.8 Duties. The duties of the officers are as follows:

(a) **President.** The President shall preside at all meetings of the Board of Directors and the members; shall see that orders and resolutions of the Board are carried out; shall co-sign all checks and all promissory notes or authorize a designated agent to co-sign all checks and promissory notes.

(b) **Vice President.** The Vice President shall preside at all meetings of the Board of Directors and the members in the absence of the President, and shall aid the President in seeing that all orders and resolutions of the Board are carried out and shall act in the place and stead of the president in the event of the President's absence, inability or refusal to act.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with addresses, and shall perform such other duties as required by the Board.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members; and prepare, certify and execute statements of Common Expense Assessments.

ARTICLE VIII

Contracts, Conveyances, Checks and Miscellaneous

Section 8.1 Contracts. The Board of Directors may authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of the Association, except as otherwise specifically required by the Articles, the Declaration or these Bylaws.

Section 8.2 Checks. All checks, drafts, notes and orders for the payment of money shall be signed by the management company for the Association and shall be executed by a duly authorized member of said management company or its authorized agent.

Section 8.3 Fiscal Year. The fiscal year of the Association shall be January 1 to December 31.

ARTICLE IX

Books and Records

The Association shall keep detailed, accurate and complete books and records of its receipts and expenditures, shall keep minutes of the proceedings of the Board of Directors and members, and shall keep a record of the names and addresses of the members entitled to vote. Upon ten (10) days' notice to the Board or Managing Agent, any Owner shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner as provided in the Declaration. Current copies of the Declaration, Articles and Bylaws of the Association, and other books, records and financial statements of the Association, shall be made available to Owners, First Mortgagees and insurers or guarantors of any First Mortgage. Current copies of the Declaration, Articles, Bylaws, Rules and Regulations, and the latest financial statement of the Association shall be available for examination by prospective purchasers of Lots. The word "available" as used herein, shall at least mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE X

Rights and Obligations of the Association and the Members

Section 10.1 Annual Assessments. The Board of Directors shall fix, levy, and collect Common Expense Assessments in the manner and for the purposes specified in the Declaration and the members shall pay Common Expense Assessments as therein provided.

Section 10.2 Other Rights and Obligations. The Association may agree with another entity that such other entity will perform the duties of the Association as set forth in the Declaration.

**ARTICLE XI
Corporate Seal**

The Board of Directors may adopt a corporate seal of such design as it may deem appropriate.

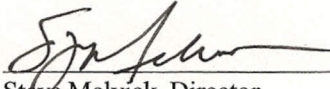
**ARTICLE XII
Amendments**

Section 12.1 These Bylaws may be amended at a regular or special meeting of the members, by a vote of two thirds (66 2/3%) of all members of Lots.

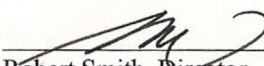
Section 12.2 In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 12.3 No amendment of the Articles or of these Bylaws shall be contrary to or inconsistent with any provision of the Declaration.

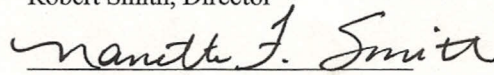
IN WITNESS WHEREOF, we, being all of the directors of the Ghost River Ranch Property Owners Association have hereunto set out hands this 30 day of JANUARY, 2003.



Steve Melvick, Director



Robert Smith, Director



Nanette F. Smith, Director