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Original documents:

Recorded February 7, 1994 at 2:30 P.M.

Book 512 Page 317

Reception Number 421770 Harriet B. Anderson, Park Co. Clerk & Recorder

Bylaws Addendum 03.10.07 to Article VII Assessments (See page 8)

Recorded March 23, 2007 at 1:43 P.M.

Reception Number 638769 Debra A. Green, Park Co. Clerk & Recorder

BY-LAWS OF THE SILVERHEELS RANCH OWNERS ASSOCIATION

ARTICLE I NAME, OFFICE AND MEETING PLACE

1.1 The name of the corporation is Silverheels Ranch Owners Association, Inc., hereafter referred to as the Association. The principal office of the Association shall be in Fairplay, Colorado at P.O. Box 429. The Association may have such other offices, either within or without Colorado, as the Board of Directors may determine or the affairs of the Association may require. Meetings will be held at places as may be designated by the Board of Directors.

ARTICLE II DEFINITIONS

2.1 All of the terms used in these by-laws shall have the same meaning as set forth in the Declaration of Protective Covenants (protective covenants) recorded on July 31, 1979 in Book 298 at Pages 894 through 989 of the records of the Clerk and Recorder of Park County, Colorado.

ARTICLE III MEMBERSHIP

3.1 Members: As provided in paragraph 16 of the protective covenants, purchasers of tracts within Silverheels Ranch automatically become members of the Association. Each tract or separate parcel of unsubdivided Silverheels Ranch Land represents one membership unit. Membership is appurtenant to and may not be separated from ownership of property.

3.2 Proxy Votes: Voting by proxy shall be permitted. Proxy votes will be counted and used on issues requiring a yes or no vote; such issues must be sent to the members with the notice of the meeting. Written proxies must be filed with the secretary-treasurer before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his lot, and shall also cease upon attendance in person by the member who previously gave a proxy. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise specifically provided in the proxy.

3.3 Suspension of Voting Rights: No member of the Association shall be entitled to vote unless all assessments due to the Association are paid in full. Only the total number of fully paid members shall be used to determine a quorum as needed.

3.4 Annual Meeting: An annual meeting of the members for the purpose of electing directors and transaction of such other matters as may properly come before the meeting shall be held on the second Saturday of September each year in a location and at a time specified by the board of directors. The date of the annual meeting may be changed by a vote of the members at the annual meeting. The secretary-treasurer shall give notice of the annual meeting not less than thirty days before the time of the meeting.

3.5 Special Meeting: Special meetings of the members may be called at any time by the board of directors or by written request representing one-fifth of all the memberships and shall be held at a convenient location in Colorado. The secretary-treasurer shall fix the time of such meeting, and the meeting shall be held not less than ten nor more than thirty days after the receipt of request for a meeting. If the secretary-treasurer shall neglect or refuse to issue such call, the board of directors or the members making the request may do so.

3.6 Notice and Waiver: Notice of annual and special meetings of the members must be given in writing and must state the date, hour, and place of the meeting and generally describe the nature of the business to be transacted. Such notice shall be delivered personally, or deposited in the mail postage prepaid and addressed to the last known address as shown on the books of the Association, to each member, and shall be delivered or deposited in the mail at least thirty days prior to the date of the meeting. In the event that a special meeting is called by the members, they shall notify the secretary-treasurer in writing of the time, place, and purpose of the meeting in sufficient time to permit the secretary-treasurer to give notice in accordance with these by-laws. Written waiver of notice signed by a member of attendance at a meeting by a member shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

3.7 Quorum, Vote Required, and Adjournment: One fifth of the total number of memberships eligible to vote must be represented in person or by proxy to constitute a quorum at any meeting of the members. If a quorum is present, an action supported by a majority of the votes cast shall be the act of the members, unless a greater number is required by the protective covenants, Articles of Incorporation, or these by-laws. If a quorum is not represented at a meeting, a majority of the memberships represented in person or by proxy may adjourn the meeting from time to time without notice other than announcement at the meeting.

3.8 Estates and Trusts: Memberships held in estates or trusts or the like may be voted by the administrator, executor, guardian, trustee, conservator, receiver, or other fiduciary thereof without such membership or the fee title to the property being transferred to such fiduciary. However, such fiduciary shall first file with the Association evidence satisfactory to the Association of such fiduciary relationship.

3.9 Conduct of Meetings: Meetings of the members will be conducted by the officers in order of their priority. The order of business shall be a call of the roll, a reading of the notice and proof of the call, report of officers, report of committees, unfinished business, new business, election of directors, and miscellaneous business.

ARTICLE IV BOARD OF DIRECTORS

4.1 Number: The board of directors shall consist of five persons. The number of directors may be changed by amendment of these by-laws provided that the number of directors shall not be increased to more than nine nor reduced to less than three. Further, a reduction in the number of directors by amendment of these by-laws shall not have effect of reducing the term of any incumbent directors.

4.2 Qualification, Elections, and Term: Directors shall be members of the Association and shall be elected by the members of the Association at their annual meeting. At each election of directors, each membership shall have the right to vote for as many persons as there are directors to be elected. Cumulative voting shall not be allowed. Directors shall serve for two years. If more than three directors must be replaced in any year, the additional directors shall serve for one year instead of two. The positions serving a one year term shall be designated before the vote is held. Directors shall serve until their successors are duly elected and qualified.

4.3 Alternate Director: An alternate director may be elected by the members of the Association at the annual meeting, and shall have the same qualifications as regular directors. The alternate position shall be designated before the vote is held. An alternate director shall serve for one year. An alternate director shall have the right to be notified of and to attend all meetings of the board of directors. An alternate director shall have no vote on the board of directors unless elected to fill a vacancy by a majority vote of the board of directors, pursuant to section 4.5 below.

4.4 Removal and Resignation: Any director may be removed with or without cause by a vote of a majority of the members present in person and by proxy at a meeting at which a quorum is present (See paragraph 3.7). Any director may resign by submitting a written notice to the board of directors stating the effective date of his resignation, and acceptance of the resignation shall not be necessary to make it effective. Any director missing three consecutive board meetings without just cause will be deemed to have resigned from the board.

4.5 Vacancies: Any vacancy occurring on the board of directors whether by removal, resignation, death or otherwise shall be filled by a majority vote of the remaining directors of the board. The first vacancy in any year shall be filled by the alternate director elected at the annual meeting of the membership. A director elected to fill a vacancy on the board of directors shall hold office until the next annual election of directors and until his successor is duly elected and qualified.

4.6 Meeting: There shall be a regular annual meeting of the board of directors within 30 days following the annual meeting of the members of the Association, and the board may establish additional regular meetings to be held at such other places and at such other times as it may determine from time to time. After the establishment of the time and place for such regular meeting or meetings, no further notice thereof need be given. Special meetings of the board may be called by the president or upon written request delivered to the secretary by any two directors.

4.7 Notice and Waiver: Five days notice of special meetings shall be given to each director by the secretary. Such notice may be given orally in person or by telephone or in writing served on or mailed or telegraphed or sent by telecopier to each director. Written waiver of notice signed by a director or attendance at a meeting of the board of directors by a director shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in said notice.

4.8 Quorum, Vote Required, and Adjournment: At any meeting of the board of directors a majority of the qualified directors shall constitute a quorum. If a quorum is present, the action of a majority of the directors present and voting shall be the act of the board of directors. If a quorum is not present, the majority of directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting.

4.9 Action of Directors Without a Meeting: Any action required to be taken or any other actions which may be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all the directors entitled to vote in respect to the subject matter thereof.

4.10 Meetings by Telephone: The directors may hold meetings via a telephone call, and any action taken by the Board at such a telephone meeting shall have the same force and effect as such action taken at a meeting at which a quorum of the Board was physically present. Minutes of the telephone meeting will be recorded in the minute records of the Association as a Meeting via telephone.

4.11 Compensation: No director shall receive compensation for any services rendered; however, he may be reimbursed for actual and reasonable expenses incurred in performance of duties.

ARTICLE V POWERS AND DUTIES OF THE BOARD OF DIRECTORS

5.1 Powers: The property, business, and affairs of the Association shall be controlled and managed by the board of directors. The board of directors shall have power to:

(a) adopt and publish rules and regulations governing the use of common areas and facilities owned by the Association, and the personal conduct of the members, their tenants and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights, and right to use of any common 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 before the board, for a time at the discretion of the board of directors, for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association by these by-laws, the Articles, the Protective Covenants or by-law, and not reserved to the membership by other provisions of said documents or the law;

(d) declare the office of a member of the board to be vacant in the event such director shall be absent from three consecutive regular meetings of the board;

(e) employ a manager, and independent contractors, or such other employees as it deems necessary, and to prescribe their duties;

(f) acquire, convey or encumber Association property by resolution of the board of directors. Conveyances or encumbrances of real property shall be by written instrument executed by the president or a vice-president and by the secretary-treasurer of the Association;

(g) authorize persons to sign checks, drafts, notes, and orders for the payment of money on behalf of the Association.

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 by the directors at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth of the members who are entitled to vote;

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

(c) file and enforce the lien against any property for which assessments are not paid within thirty days after due date;

(d) issue, or to cause an appropriate officer to issue, upon demand by any owner, first mortgagee of a lot, prospective owner or prospective first mortgages, 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;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) cause common properties and lakes and dams to be maintained;

(h) cause the payment of taxes on the common properties owned by the Association;

(i) regulate and enforce the terms and conditions of the water augmentation plan and court decree concerning the water rights perfected by the subdivider to provide well permits for the subdivision, and to purchase more water if necessary;

(j) cause payment for stocking of lakes with fish;

(k) maintain common drinking water sources if provided;

(l) maintain sewage dump station if installed;

(m) administer and enforce protective covenants;

(n) authorize any officer of the Association to enter into any contract or execute any instrument in the name of the Association except as otherwise specifically required by the Articles of Incorporation, by the Declaration of Protective Covenants or by law;

(o) repaint or replace signs;

(p) monitor adjacent development and new county or state laws in order to maintain property owners' rights and uphold values.

ARTICLE VI OFFICERS AND THEIR DUTIES

6.1 General: The officers of the Association shall be a president, one or more vice-presidents, and a secretary-treasurer, all of whom shall be elected by the board of directors to serve at the pleasure of the board.

6.2 President: The president shall be the principal executive office of the Association and, subject to the control of the board of directors, shall direct, supervise, coordinate and have general control over the affairs of the Association and shall have the powers generally attributable to the chief executive office of an association. The president shall be a director and shall preside at all meetings of the members of the Association.

6.3 Vice-President: A vice-president shall act in place of the president in case of his death, absence, or inability or failure to act and shall perform such other duties and have such authority as from time to time may be delegated to him by the board of directors or by the president. The vice-president shall be a director.

6.4 Secretary-Treasurer: The secretary-treasurer shall be the custodian of the records and the seal of the Association, shall affix the seal to all documents requiring the same and shall see that all notices are duly given in accordance with the provisions of these by-laws or as required by law and that the books, reports, and other documents and records of the Association are properly kept and filed. The secretary-treasurer shall have charge and custody of, and be responsible for, all sorts of securities of the Association. He shall deposit all such funds in the name of and to the credit of the Association in such banks or depositories as shall be designated by the board of directors. He shall keep books of account and records of transactions and of the financial condition of the Association, shall submit such reports thereof as the board of directors from time to time may require; and in general shall perform all of the duties incident to the office of the secretary-treasurer and such other duties as may from time to time be assigned to him by the board of directors or the president. The board may appoint one or more assistant secretary-treasurers who may act in the place of the secretary-treasurer in case of his death, absence, or inability to act.

6.5 Compensation: No officer shall receive compensation for any services rendered; however, he may be reimbursed for actual and reasonable expenses incurred in performance of duties. Agents and employees shall receive such reasonable compensation for their services as may be authorized by the board of directors. Appointment of any officer, agent, or employee shall not in and of itself create contractual rights of compensation for services performed by such officer, agent or employee.

6.6 Delegation of Powers: In case of absence of any officer of the Association or for any other reason that may seem sufficient to the board of directors, the board may delegate the absent officer's duties and powers for the time being to any other officer or any director.

ARTICLE VII ASSESSMENTS

7.1 Creation of the Lien: As provided in the protective covenants, each purchaser of any lot or parcel agrees to pay dues and fees as assessed by the Association. All sums assessed by the Association but unpaid, together with interest thereon as is provided below and costs of collection, shall be a charge upon the land and shall be a perpetual and continuing lien upon the property against which each such assessment is made. If such assessment is not paid within thirty days of the day it is due, the board may file a statement of lien with the Clerk and Recorder in Park County.

7.2 Purpose of the Assessment: The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the subdivision as a community and in particular for the improvement and maintenance of the common properties, installation of capital improvements and utilities; services and facilities devoted to these purposes or related to the use and enjoyment of the common properties and of the lots within the subdivision, including without limiting the foregoing, the payment of taxes and insurance thereon and repair to, replacement of, and additions thereto, and the cost of labor, equipment, materials, services, management and supervision thereof.

7.3 Amount of Assessment: The base annual assessment shall be \$36.00 per year per lot, and paid in advance. Purchasers of multiple lots will be charged for a maximum of two lots. The assessment may be raised beyond \$36.00 per year only by majority vote of the members present or represented by proxy at a general membership meeting at which a quorum is present (see paragraph 3.7). In the case of lots held by Silverheels Partnership, the assessment shall be prorated from the first day of the month following purchase, and shall become due and payable when the purchase contract is accepted by Silverheels Partnership. Subsequent assessment payments shall become due and payable on January 15 of each year.

7.4 Increase in Assessment: Should the board determine that extraordinary expenses will be incurred by the Association, the board may levy assessments in excess of the base annual assessment subject to approval of a majority of the members present or represented by proxy at a general membership meeting at which a quorum is present (see paragraph 3.7). The board shall fix and determine the estimated budget representing the sums necessary and adequate for the continued operation of the Association and shall send a copy of the budget and any supplement to the budget to each member thirty days prior to the general membership meeting at which the assessment will be considered by the membership. The board shall determine the total amount required, including, without limitation, the operational items such as insurance, repairs, reserves, maintenance and operation of recreational facilities and other operating expenses, as well as charges to cover any deficits from prior years and capital improvements and installation of utilities approved by the membership. Each owner shall pay a proportionate share of said requirements to the Association. Such payment shall be made at a time determined by the board, but time for payment will be at least three months after the date of assessment. The sum due the Association for each individual lot owner shall constitute an assessment of the board of directors and unpaid assessments shall constitute liens on the individual lots.

7.5 Assessment Lien: If any assessment is not paid on the date when due, as fixed by the board of directors under these by-laws, then such assessment shall become delinquent and shall, together with such interest as provided below and costs of collection, become a continuing lien on the member's lot which shall bind such property in the hands of the member, his heirs, devisees, personal representatives and assigns.

If the assessment is not paid within thirty days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent per year.

7.6 Lien Statement: The Association may through its board of directors, file for record a statement of lien for all assessments unpaid thirty days after the delinquency date.

ARTICLE VIII ARCHITECTURAL CONTROL

8.1 Purpose: The architectural control committee shall be composed and shall operate as set forth in the Protective Covenants.

8.2 Liability: The committee shall not be liable in damages to any person submitting requests for approval or to any owner within the properties by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove with regard to such requests.

ARTICLE IX FISCAL YEAR AND SEAL

9.1 Fiscal Year: The fiscal year or business year of the Association shall begin on September 1 and end on August 31.

9.2 Seal: The board of directors may adopt an Association seal of such design as may be appropriate.

ARTICLE X AMENDMENTS

10.1 Amendments by Board of Directors: These by-laws may be amended by the board of directors at any duly called meeting of the board of directors as the need shall arise; however, these amendments must be approved by a majority vote of those members present and represented in proxy at the next annual meeting (at which a quorum is present) or they will become ineffective as of the date of the annual meeting. The board shall not be held liable for any damages resulting from any changes they make to the by-laws that are within their authority but not subsequently approved by the Association general membership unless such action can be shown to be willful and wanton.

10.2 Amendments by Members: Additionally, these be-laws may be amended or repealed and replaced with by-laws from time to time by the affirmative vote of a simple majority of the memberships represented in person or by proxy at any annual or special meeting at which a quorum is present, provided that the notice of such meeting states that such amendment, repeal, or adoption is to be considered.

ARTICLE XI INDEMNIFICATION

11.1 The Association shall indemnify every director, officer, and member of the architectural control committee, and his or her heirs, executors and administrators against all 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 an Association director, officer, or member of the committee, except as to matters for which such person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement where the Association is advised by legal counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director, officer, or member of the committee. The foregoing rights shall not be exclusive of other rights to which such persons may be entitled. All liability, loss, damage, costs and expense incurred if suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a common expense. Nothing contained in this article shall however, be deemed to obligate the Association to indemnify any member who is or has been an Association director, officer, or member of the committee with respect to any duties or obligations assumed, or liabilities incurred, as a member or owner of a lot under or by virtue of the protective covenants.

Approved and adopted by a majority of the members present or voting by proxy on the 11 day of September, 1993, witnessed by the undersigned members of the board of directors of this Association.

M. G. Liphardt _____

Michael G. Liphardt, President

Mick McMahon _____

Mick McMahon, Vice President

Aurora V. Larson _____

Aurora V. Larson, Board Member

David J. Rowley _____

David J. Rowley, Board Member

Ralph Herzog _____

Ralph Herzog, Secretary/Treasurer

SILVERHEELS RANCH OWNERS ASSOCIATION

BYLAWS ADDENDUM 03.10.07

ARTICLE VII ASSESSMENTS

During the September 9, 2006 Annual SROA Meeting a quorum of members present and represented by proxy voted by simple majority to raise the annual assessment from \$36.00 per year to \$40.00 per year as empowered by Section 7.3 Article VII.

This annual assessment increase will take effect January 2007 and is duly recorded by the Park County Clerk as an Addendum to the SROA Bylaws as attested to by the 2006-2007 SROA Board of Directors:

Pat Cote, President

Lyle Papendick, Vice President

Mike Peterson, Secretary-Treasurer

Page Tatar, Assistant Secretary

Jim Gardner, Board Member,

Nance Hellmrich, Alternate Board Member