

**BY-LAWS OF
EAGLES RIDGE AT BAYFIELD PROPERTY OWNERS ASSOCIATION, INC.
October 2005**

ARTICLE I – OFFICES

The principal office of the Eagles Ridge at Bayfield Property Owners Association, Inc., hereinafter referred to as “Association”, shall be in the State of Colorado, mailing address 303 Butte Drive, Pagosa Springs, CO, 81147, County of Archuleta. The Association may have such other offices, either within or without the State of Colorado, as the Board of Officers/Directors may designate or as the business of the Association may require from time to time.

ARTICLE II – MEMBERS

SECTION I. ANNUAL MEETING

The Board of Officers/Directors shall schedule the annual meeting of the Members. The Board of Officers/Directors shall notify the Members of the date of the annual meeting no later than January 1 each year; for the purpose of electing Officers/Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. If the election of Officers/Directors shall not be held on the day designated herein, for any annual meeting of Members, or at any adjournment thereof, the Board of Officers/Directors shall call the election to be held at a special meeting of the Members as soon thereafter as convenient.

SECTION 2. SPECIAL MEETINGS

Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Board of Officers/Directors at the request of not less than ten percent of all the Members of the Association.

SECTION 3. PLACE OF MEETINGS

The Board of Officers/Directors may designate any place, either within or without the State of Colorado, unless otherwise prescribed by statute, as the place of meeting for any annual or for any special meeting called by the Board of Officers/Directors. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Colorado, unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the home of the then current President/Director of the Association in the State of Colorado.

SECTION 4. NOTICE OF MEETINGS

Written notice stating the place, day and hour of the meeting and, in case of special meetings, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail or electronic mail, by or at the direction of the President/Director, or the Secretary/Director, or the persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at their address as it appears on the books of the Association, with postage thereon prepaid. If three successive letters mailed to the last known address of any member of record are returned as undeliverable, no further notices to such member shall be necessary until another

address for such member is made known to the Association. In the case of electronic mail, the notice shall be deemed to be delivered if no returned or undeliverable notice is received by the sender. In the event that electronic mail is undeliverable, a written document shall then be sent by U.S. mail.

SECTION 5. QUORUM

Except as stated In the Protective Covenants for Eagles Ridge at Bayfield POA describing the requirements for making changes to Covenants, a quorum for a meeting of Members shall consist of a majority of Properties as represented by the Property owners entitled to vote. The Property owner may cast one vote in person or by proxy for each property owned. If less than a majority of Properties are represented at a meeting, a majority of the eligible votes present may adjourn the meeting from time to time without further notice. At such rescheduled meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

SECTION 6. PROXIES/VOTING

At all meetings of Members, a Member may vote in person or by proxy executed in writing by a Member or their duly authorized attorney in fact. Such proxy shall be filed with the Secretary/Director of the Association before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Shares held by a personal representative, guardian, or conservator may be voted by that individual, either in person or by proxy, without a transfer of such membership into their name. Membership standing in the name of a trustee may be voted by that trustee, either in person or by proxy, but no trustee shall be entitled to vote a membership held by such trustee without a transfer of such Membership into their name.

One vote shall be allowed for each unit within Eagles Ridge at Bayfield and there shall be one vote for each unit regardless of multiple or undivided ownership of the tract. No Member who is delinquent in paying annual assessments or any Association special assessment(s), shall be able to vote, in person or by proxy, at any Eagles Ridge at Bayfield Property Owners Association, Inc., meeting until their account is paid in full.

SECTION 7. INFORMAL ACTION BY MEMBERS

Unless otherwise provided by law, any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the Membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

SECTION 8. WATER COMPANY MEMBERSHIP

Should a Community Water Company be created, either by Declarant or by vote of the Association, every Property Owner/Member of Eagles Ridge at Bayfield Property Owners Association, Inc. will automatically be a Member of said water company.

SECTION 9. GRAZING RIGHTS

Any Property Owner/Member of Eagles Ridge at Bayfield Property Owners Association, Inc., who is not current with annual dues, assessments and/or fees owed to the Association by the due date specified on billing notifications each year shall not be eligible to benefit (i.e., agricultural tax exemption) from participation in the Association grazing lease for the current year. Property owners who sign a grazing lease with Eagles Ridge at Bayfield Property Owners Association, Inc., are signing an agreement to allow the designated ERAB rancher (lessee) to graze cattle on their property at any time throughout the grazing season (Spring through Fall) and to allow said lessee to enter their property at any time throughout the grazing season to manage/move cattle as well

as repair/rebuild fencing. Property owners who do not allow cattle on their property to graze or allow said lessee to enter their property for the purposes stated above at any time during the grazing season may be removed from the Eagles Ridge at Bayfield grazing program and their name provided to the La Plata County Assessor, which could lead to loss of their agricultural tax exemption. Upon first breach of the terms of the grazing agreement, the property owner will receive a non-compliance letter of notification from the Eagles Ridge at Bayfield Property Owners Association. Upon second infraction, the Association may vote to terminate that Property owners lease agreement and the Archuleta County Assessor be notified immediately. Only those property owners participating in the Eagles Ridge at Bayfield grazing program are eligible to serve on the ERAB POA Board of Officers/Directors. Said grazing lease program may be terminated or modified by the ERAB POA by vote of the members as specified herein.

SECTION 10. ASSESSMENTS

Annual dues are payable and due January 1 of each calendar year. Any Property Owner/Member of Eagles Ridge at Bayfield Property Owners Association, Inc., who is not paid in full within the specified period indicated on the first notice, will have their property subject to a notice and filing of lien. In the event a lien is filed, the Member will be responsible to pay any and all fees incurred in accordance with the lien filing process, including but not limited to postage, interest, notary and legal fees. In addition, the Member will pay a \$175.00 lien administrative fee to the Eagles Ridge at Bayfield Property Owners Association, Inc.

SECTION 11. BUILDING APPROVAL/SURVEYS

Before granting approval to a property owner to build a permanent structure on Eagles Ridge at Bayfield, the ERAB Board will require the said property owner to submit an official survey (or ILC) whenever there is any question as to whether the placement of the structure on the property is within the guidelines specified in the ERAB Covenants.

ARTICLE III - BOARD OF OFFICERS/DIRECTORS

SECTION 1. GENERAL POWERS

The business and affairs of the Association shall be managed by the Board of Officers/Directors. The Board of Officers/Directors shall in all cases act as a Board, and they may adopt such rules and regulations of the conduct of their meetings and the management of the Association, as they may deem proper, consistent with these Bylaws and the laws of the State of Colorado.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS

The number of Officers/Directors on the Board of Officers/Directors shall be five (5). The positions shall be titled President/Director, Vice President/Director In Charge of Special Projects and Events, Secretary/Director, Treasurer/Director, and one Director-at-Large. Each Officer/Director shall hold office until the next annual meeting of Members and until their successor shall have been elected and qualified. No Board Officer/Director shall serve on the Board of Officers/Directors for more than four consecutive years. Any Member who has their property offered for sale will not be eligible to be a candidate for the Board of Officers/Directors of the Association. Only one position on the BOD can be filled by owners of the same parcel but multiple owners of the same property can serve on committees. Only one vote per parcel is allowed on any issue.

SECTION 3. ELECTION OF OFFICERS/DIRECTORS

In March of each year, the Board of Officers/Directors will select a nominating committee of not less than three, nor more than 5 Members of the Association. No current member of the Board of Officers/Directors may serve on the nominating committee. At the annual meeting, the nominating committee will present a slate of candidates for each individual office and Directorship, to the Members for election. Nominations from the floor will be accepted. The election will be held by written ballot or voice vote, as determined at the annual meeting, and

results announced immediately upon completion of the count.

SECTION 4. REGULAR MEETINGS

The Board of Officers/Directors may, by resolution, fix the time and place for the holding of regular meetings without other notice than such resolution. The Board of Officers/Directors shall meet at their discretion but no less than four (4) times per year.

SECTION 5. SPECIAL MEETINGS

Special meetings of the Board of Officers/Directors may be called by or at the request of the President/Director or any two Officers/Directors. The person or persons authorized to call special meetings of the Board of Officers/Directors may fix the time and place for holding any special meeting of the Board of Officers/Directors called by them.

SECTION 6. TELEPHONE MEETINGS

Members of the Board of Officers/Directors or any committee designated by the Board may participate in any meeting of the Board or committee by means of conference, telephone or similar telephone 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.

SECTION 7. NOTICE

Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally, or by facsimile or mailed to each Board Officer/Director at their business or residence address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon placed. If notice be given by facsimile, such notice shall be deemed to be delivered when telephone confirmation is received and noted in the Association records. Any Board Officer/Director may waive notice of such meeting. The attendance of a Board Officer/Director at a meeting shall constitute a waiver of notice of such meeting, except when a Board Officer/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 8. QUORUM

A majority of the number of Board Officers/Directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Officers/Directors, but if less than such majority is present at a meeting, a majority of the Board of Officers/Directors present may adjourn the meeting from time to time without further notice.

SECTION 9. MANNER OF ACTING

The act of the majority of Board Officers/Directors present at a meeting at which a quorum is present shall be the act of the Board of Officers/Directors.

SECTION 10. ACTION WITHOUT A MEETING

Any action that may be taken by the Board of Officers/Directors at a meeting may be taken without a meeting by consent in writing, setting forth the action so to be taken, shall be signed by all of the Board Officers/Directors.

SECTION 11. VACANCIES

Any vacancy occurring in the Board of Officers/Directors may be filled by the affirmative vote of the majority of the remaining Board Officers/Directors though less than a quorum of the Board of Officers/Directors. A Board Officer/Director elected to fill a vacancy shall be elected for the unexpired term of their predecessor in office. Any Board Officer/Director position to be filled by reason of an increase in the number of board Offi-

cers/Directors may be filled by election by the Board of Officers/Directors for a term of office continuing only until the next election of Board Officers/Directors by the Members.

SECTION 12. COMPENSATION/SALARY

By resolution of the Board of Officers/Directors, each Board Officer/Director may be paid his expenses, if any, of attendance at each meeting of the Board of Officers/Directors, and by a majority vote of eligible Property owners may be paid a stated salary as a Board Officer/Director or a fixed sum for attendance at each meeting of the Board of Officers/Directors or both. No such payment shall preclude any Board Officer/Director from serving the Association in any other capacity and receiving compensation therefore.

SECTION 13. PRESUMPTION OF ASSENT

A Board Officer/Director of the Association who is present at a meeting of the Board of Officers/Directors at which action or any Association matter is taken shall be presumed to have assented to the action taken unless their dissent shall be entered in the minutes of the meeting or unless they shall file their written dissent to such action with the person acting as the Secretary/Director of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Board Officer/Director who voted in favor of such action.

ARTICLE IV – OFFICERS

SECTION 1. NUMBER

The Officers/Directors of the Association shall be a President/Director, a Vice President/Director, a Secretary/Director, a Treasurer/Director, and one Director at Large. Such other assistant officers as may be deemed necessary may be elected or appointed by the Board of Officers/Directors. The Officers/Directors of the Association shall be natural persons of the age of eighteen years or older.

SECTION 2. ELECTION AND TERM OF OFFICE

The Officers/Directors of the Association shall be elected at the annual meeting of Eagles Ridge at Bayfield Property Owners Association, Inc., by the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each Officer/Director shall hold office until the next annual meeting of Members and until their successor shall have been elected and qualified. No Officer/Director shall serve for more than four consecutive years.

SECTION 3. REMOVAL

Any Officer/Director may be removed by a majority vote of eligible Property owners whenever, in their judgment, the best interests of the Association will be served thereby. Any contractor or agent may be discharged by a majority vote of the Board of Officers/Directors but such removal shall be without prejudice to the contract rights, if any, of the person so discharged.

SECTION 4. VACANCIES

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Officers/Directors for the unexpired portion of the term.

SECTION 5. PRESIDENT/DIRECTOR

The President/Director shall be the principal executive officer of the Association and, subject to the control of the Board of Officers/Directors, shall in general supervise and control all the business and affairs of the Association. The President/Director shall, when present, preside at all meetings of the Members and the Board of Officers/Directors, unless a different Chairman has been otherwise designated or elected, but they shall not serve as a member on any committee/sub-committee of the Association. The President/Director may sign, with the Secretary/Director or any other proper Officer/Director of the Association thereunto authorized by the Board

of Officers/Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Officers/Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Officers/Directors or by these Bylaws to some other Board Officer/Director or agent of the Association, or shall be required by law to be otherwise signed or executed, and in general shall perform all duties incident to the office of the President/Director and such other duties as may be prescribed by the Board of Officers/Directors from time to time.

SECTION 6. VICE PRESIDENT/DIRECTOR IN CHARGE OF SPECIAL PROJECTS AND EVENTS

The Vice President/Director shall have primary responsibility for the oversight of special projects and the coordination of Board sponsored events. In the absence of the President/Director or in the event of death, inability or refusal to act, the Vice President/Director shall perform the duties of the President/Director, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President/Director. The Vice President/Director shall perform such other duties as from time to time may be assigned by the President/Director or by the Board of Officers/Directors.

SECTION 7. SECRETARY/DIRECTOR

The Secretary/Director shall (a) keep the minutes of the proceedings of the Members and of the Board of Officers/Directors in one or more books provided for the 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 Association records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association 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/Director by such Member; and (e) in general perform all duties incident to the office of Secretary/Director and such other duties as from time to time may be assigned to them by the President/Director or by the Board of Officers/Directors.

SECTION 8. TREASURER/DIRECTOR

The Treasurer/Director shall (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these Bylaws; and (c) in general perform all of the duties incident to the Office of Treasurer/Director and such other duties as from time to time may be assigned to them by the President/Director or by the Board of Officers/Directors. If required by the Board of Officers/Directors, the Treasurer/Director shall give a bond for the faithful discharge of these duties in such sum and with such surety or sureties as the Board of Officers/Directors shall determine.

SECTION 9. DIRECTOR AT LARGE

The Director at Large shall have such oversight and duties as shall from time to time be assigned by the Board of Officers/Directors.

ARTICLE V - CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS

The Board of Officers/Directors may authorize any Board Officer/Director or Board Officers/Directors, agent or agents to enter into any contract or execute and deliver an instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. LOANS

No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Officers/Directors. Such authority may be general or

confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ETC.

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such Board Officer/Director or board Officers/Directors, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Officers/Directors. Board of Officer/Director approval is required for any expenditure that is not in the approved budget or that exceeds the amount designated in the approved budget.

SECTION 4. DEPOSITS

All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings institutions, trust companies or other depositories as the Board of Officers/Directors may select.

SECTION 5. ROAD CUTS

Property owners will be required to bore through roads for utility access rather than cut roads unless just cause can be demonstrated by the property owner as to why they cannot bore. Such an exception requires board approval and the property owner will be required to pay the \$1,000.00 road cut deposit as specified In Article V, Section 6.

SECTION 6. ROAD CUT DEPOSITS

Every Property Owner/Member of Eagles Ridge at Bayfield Property Owners Association, Inc. will be required to make a road cut deposit in the amount of \$1,000.00, payable to the Association, prior to a road cut being made across an Association road for any purpose. This deposit will be held in a non- interest bearing account for the period of one year after the road cut is closed or otherwise returned to its original state. If the road is determined to be in acceptable repair after the specified period of time, the deposit will be refunded to the property owner in full. If the road cut requires repair during the specified period of time, the cost of repair will be made from the Property Owners/Member's initial deposit and the remainder of that deposit, if any, returned to the property owner.

ARTICLE VI - FISCAL YEAR

The fiscal year of the Association shall begin on January 1 and end on December 31 in each year.

ARTICLE VII - CORPORATE SEAL

The Board of Officers/Directors shall provide an Association seal which shall be either circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the word "Seal" or shall be a rubber seal in substantially the same form as provided above.

ARTICLE VIII - WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Member or Board Of-

ficer/Director of the Association under the provisions of these Bylaws or under the provisions of the State of Colorado Association Code, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX - AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Property owners at any regular or special meeting of the Property Owners Association.