

**BYLAWS  
OF  
RIVER'S RUN AT CRYSTAL LAKE HOME OWNERS' ASSOCIATION**

These Bylaws ("Bylaws") of RIVER'S RUN AT CRYSTAL LAKE HOME OWNERS' ASSOCIATION (the "Association") are made and entered into this \_\_\_ day of November, 2003 and have been duly adopted to govern the Association.

**ARTICLE 1  
GENERAL**

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of RIVER'S RUN AT CRYSTAL LAKE HOME OWNERS' ASSOCIATION (the "Association"). The Association has been organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, Colorado Revised Statutes 7-121-101 *et seq.* as amended (the "Nonprofit Act"), be and constitute the Association under the Declaration and Agreement Creating Covenants, Conditions and Restrictions and Easements for River's Run at Crystal Lake ("Declaration"). The Declaration has been executed by Pine Ranch Associates LLC, a Colorado limited liability company ("Declarant").

1.2 Terms Defined in Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition as in the Declaration unless otherwise defined herein.

**ARTICLE 2  
OFFICES**

2.1 Principal Office. The Board of Directors, in its discretion, may fix and may change, from time to time, the location of the principal office of the Association provided that, until further notice, the principal office of the Association shall be located at 29190 Crystal Lake Road, Pine, Colorado 80470, which office has a mailing address of P.O. Box 529, Pine, Colorado 80470.

2.2 Registered Office and Agent. The Association shall have and continuously maintain in the State of Colorado a registered office and a registered agent whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Colorado.

**ARTICLE 3  
MEMBERS' MEETINGS**

3.1 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Nonprofit Act and the Articles of Incorporation

of the Association filed with the Secretary of State of Colorado, as any of the foregoing may be amended from time to time.

3.2 Annual Meeting. An annual meeting of the Voting Members (as defined in Article 7 below) of the Association shall be held in March of each year, unless otherwise determined by the Board of Directors. The time and place of the annual meeting shall be designated by the Board of Directors. The Board of Directors shall provide written notice to the Voting Members of such meeting.

3.3 Special Meeting. Special meetings of the Voting Members may be called by the President or a majority of the members of the Board of Directors. Such a request or requests shall be submitted to the President who shall call a special meeting within thirty (30) days after the date of receipt of such request. Notices of any special meeting must contain a statement of the purpose for which such special meeting is called and no other business may be transacted at that meeting.

3.4 Notices. The Secretary shall not give less than five (5) days nor more than twenty (20) days prior notice, by written notice delivered personally, email, facsimile or mail, prepaid, to all Members of the Association, stating the time and place of any meeting. Such notice shall be deemed delivered as set forth in Section 4.7. Any Member may waive notice of any meeting.

3.5 Quorum. Unless a greater proportion is required by the Nonprofit Act, at any meeting at which a vote of all or certain categories of Members is to be held, the presence, either in person or by proxy, of fifty percent (50%) of the Members entitled to vote at such meeting shall constitute a quorum at any meeting of the Members. The Board of Directors shall determine the form and procedure for the use of proxies.

3.6 Voting. Members only shall be permitted to vote on (a) matters submitted for a vote by the Board of Directors to the Members or, (b) matters for which a vote is required by these Bylaws, or (c) if applicable law requires a vote notwithstanding the provisions of these Bylaws, matters for which such vote is required. For all other matters, the Board of Directors is authorized to take all actions on behalf of the Association without a vote of the Members. If Members are permitted to vote on a matter, each Member shall cast one (1) vote for each Membership entitled to vote. If a Membership consists of more than one person, each person may attend meetings of Members, but the voting power of such Membership shall be limited to the person designated as the Member. A Member will be permitted to vote his or her Membership only if such Member is in good standing with the Association. In order to be in good standing, a Member's Association account must be current (i.e., there shall be no delinquency), including payment of fees, monthly dues, charges and assessments as of 12:00 Noon of the day of the meeting. Unless otherwise required specifically in the Bylaws or by the Nonprofit Act, the affirmative vote of a majority of the Members present at a meeting (or represented at a meeting by a duly executed proxy) at which a quorum is present shall be necessary to pass any motion or to take any action. Elections of members of the Board of Directors shall be governed by the provisions of Article 4 of these Bylaws.

ARTICLE 4  
**BOARD OF DIRECTORS**

4.1 General Powers and Duties. The Board of Directors shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board of Directors shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association not reserved to Members and provided in these Bylaws or the Nonprofit Act, as the same may be amended from time to time. The Board of Directors shall have the power to delegate any of its powers to a committee of the Board, to an on-site manager or to any other managing agent.

4.2 Number, Qualifications, Term. A Director may be any natural person and shall be a Member subject to Section 4.3 and Election below. A Director may be reelected and there shall be no limit on the number of terms a Director may serve. The number of Directors of the Association shall be not less than three (3) nor more than five (5). The initial Directors shall be appointed by Declarant and after the initial term, Directors shall be elected or appointed, as applicable, at an Annual Meeting as set forth in Section 4.3 below. The term for each Director shall be two (2) years ("Term"), unless a Director resigns or is removed. The Board of Directors may change the duration of the Term and create staggered terms.

4.3 Annual Meetings. Annual meetings of the Board of Directors shall be held on the same date as, or within 10 days following, the annual meeting of Members. The business to be conducted at the annual meeting of Directors shall consist of the appointment of officers of the Association and the transaction of such other business as may properly come before the meeting. No prior notice of the annual meeting of the Board of Directors shall be necessary if the meeting is held on the same day and at the same place as the annual meeting of Members at which the Board of Directors is elected or if the time and place of the annual meeting of the Board of Directors is announced at the annual meeting of such Members.

4.4 Other Meetings. The Board of Directors may hold regular meetings quarterly or on such schedule as the Board of Directors may determine, and may, by resolution, establish in advance the times and places for such regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by such resolution.

4.5 Special Meetings. Special meetings of the Board of Directors may be called by the President or any four (4) members of the Board of Directors

4.6 Notice. In the case of all meetings of Directors for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than ten (10) nor more than twenty (20) days before the date of the meeting, by first class mail, telephone or personally, by or at the direction of the persons calling the meeting, to each member of the Board of Directors. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after it is deposited in the mail addressed to the Director at his home or business address as either appears on the records of the Association, with postage thereon prepaid. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Director. If given personally, such notice shall be deemed to be delivered upon delivery of a copy of a

written notice to, or upon verbally advising the 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 such meeting.

4.7 Quorum. Unless a greater proportion is required by the Act, two (2) Directors of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than two (2) of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. Except as otherwise required by the Act, the vote of a majority of the Directors present at a meeting at the time of the vote, provided a quorum is present, shall be the act of the Board.

4.8 Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the greater number is required by law or these Bylaws

4.9 Proxies. A Director shall be entitled to vote by written proxy to another Director at a meeting of the Board of Directors.

4.10 Compensation. Directors as such shall not receive any salaries for their services, but by resolution of the Board of Directors, reasonable expenses of attendance, if any, may be allowed for attendance at each such regular or special meeting of the Board, but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving reasonable compensation therefor.

4.11 Action Without Meetings. Any action required to be taken or which may be taken at a meeting of Directors, may be taken without a meeting if (i) a consent in writing, setting forth the action so taken, shall be signed by a majority of the Directors, (ii) such written consent is provided to the Association within sixty (60) days and (iii) notice of such action is promptly given to those Directors which did not partake in the action.

4.12 Removal, Resignations and Vacancies. Any Director appointed by Declarant may be removed by a sixty percent (60%) vote of the Members, with or without cause. Any Director appointed by the Members may be removed by a sixty percent (60%) vote of the Members, with or without cause. No Director may be removed or replaced except upon thirty (30) days prior notice to the Board of Directors. Any Director may resign at any time by giving written notice to the Board of Directors stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective. Any vacancy occurring in the Board of Directors shall be filled at the next meeting. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

4.13 Meetings by Telephone. Any one or more Directors or any committee thereof may participate in a meeting of such Board of Directors or a committee thereof by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE 5  
OFFICERS

5.1 General. The officers of the Association shall be a President, a Vice President, a Treasurer and a Secretary, and such other officers as the Board of Directors from time to time may determine appropriate (individually an "Officer" and collectively, the "Officers").

5.2 Appointment and Term of Office. The Officers shall be elected by the Board of Directors from time-to-time and shall serve a Term of two (2) years. Each Officer shall hold the office until the death, resignation, or removal of such Officer in accordance with these Bylaws or until his/her successor is duly elected or appointed.

5.3 Vacancies. A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term at the next meeting of the Board of Directors.

5.4 President. Only members of the Board of Directors may hold the office of President. The President shall preside at all meetings of the Members and the Board of Directors and enforce observance of the provisions of these Bylaws and all rules, regulations and policies of the Association. The President shall call special meetings of the Board of Directors, shall be an ex-officio member of all committees and is empowered to execute all papers and documents requiring execution in the name of the Association; subject, however, to any limitations on such authority imposed by the Board of Directors from time to time.

5.5 Vice President. Only members of the Board of Directors may hold the Office of Vice-President. In the absence or disability of the President, the Vice President shall perform and carry out all responsibilities of the President. In addition, the Vice President shall perform such other activities or functions as the President or the Board of Directors may direct from time to time.

5.6 Secretary. The Secretary shall keep records and minutes of all meetings of the Board of Directors and the Members, and the Secretary shall be responsible for giving all required notices of such meetings. The Secretary shall administer any voting by Members and be responsible for counting and recording any votes and making any determinations concerning voting rights. The Secretary shall be responsible for maintaining all records relating to the Members. The Secretary shall have custody of the seal of the Association, if any, and all Membership records shall be kept under the Secretary's supervision.

5.7 Treasurer. The Treasurer shall have the care and custody of all Association funds, securities, evidences of indebtedness and other personal property, and shall deposit the same in accordance with the instructions of the Board of Directors. The Treasurer shall pay out of the funds on hand all bills, payrolls, and other just debts of the Association of whatever nature upon maturity. The Treasurer shall make such reports regarding the Association's finances as the Board of Directors may request. The Treasurer shall also be the principal accounting officer of the Association. The Treasurer shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, and prepare and file all tax returns of the Association.

5.8 Other Duties of Officers. Any Officer may be given additional assignments and duties by the Board of Directors.

5.9 Removal From Office. Any Officer may be removed from office, with or without cause, by a vote of the majority of the Board of Directors.

ARTICLE 6  
**CRYSTAL LAKE FISHING ASSOCIATION, INC.**

6.1 Member. The Association shall appoint one Member to serve on the Board of Directors of the Crystal Lake Fishing Association, Inc. The appointed Member need not be on the Board of Directors.

ARTICLE 7  
**MEMBERSHIPS**

7.1 Member. The term "Member" shall mean that person designated in the records, of the Association as the voting Member.

7.2 Memberships. Members must be individuals and must be owners of a residence or homesite in River's Run at Crystal Lake as legally described on Exhibit A. Each Membership shall have only one voting Member which shall be designated in writing and provided to the Secretary. Upon the sale or other disposition of all residences or homesites in River's Run at Crystal Lake that was owned by the Member, the Member shall be deemed to have resigned from the Association. In order to transfer the Membership, the Member shall designate the current owner of (or hold a contract to purchase) the residence or homesite in River's Run at Crystal Lake that was owned by the resigning Member at the time of resignation.

7.3 Transferability of Membership.

(a) Memberships are not transferable or assignable, except as specifically provided in these Bylaws. Any transfer or attempted transfer in violation hereof shall render the Membership void at the sole option of the Board of Directors.

7.4 Dissolution of Association. In the event of a dissolution of the Association assets of the Association shall be distributed with the priority application provisions of the Nonprofit Act.

ARTICLE 8  
**DUES, CHARGES AND SPECIAL ASSESSMENTS**

8.1 Dues.

(a) Amount. The Board of Directors will set the dues to be charged in advance to Members for each year.

(b) Billing. Dues shall be billed monthly in advance and shall be paid on the first day of the month.

8.2 Special Assessments. The Board of Directors may levy special assessments on the Members for any purpose it deems appropriate including without limitation for purposes of acquiring, repairing or replacing capital assets of the Association or creating a reserve for same. Special assessments shall be levied in such manner as the Board of Directors deems appropriate under the circumstances. Written notice of all special assessments shall be sent to each Member at the Member's last known address as reflected on the books or records of the Association. A Member shall not have any liability for any special assessment assessed by the Board of Directors if the Member resigns from the Association within ten (10) days of the date specified by the Board of Directors in the notice for such resignation (which shall be at least ten (10) days following the date of the notice). Special assessments shall be due at such times as shall be specified by the Board of Directors.

8.3 Delinquencies. Members who are delinquent in paying their dues, charges, fines or special assessments shall be subject to such action as is determined appropriate by the Board of Directors. Such action may include (i) interest on accounts which are delinquent thirty (30) days or more at the rate of not more than eighteen (18) percent per annum, (ii) late payment penalties, and/or (iii) suspension or expulsion of the delinquent Member from the Association. All unpaid dues, charges, fines and special assessments for which a Member is liable may be deducted from any refund paid to a Member. Unpaid dues and charges, fines and special assessments shall be the personal liability of the Member.

## ARTICLE 9 DISCIPLINE

9.1 Grounds. Any Member, Member whose conduct (a) violates these Bylaws, the Association rules and regulations or the Association policies, or (b) is determined by the Board of Directors (or any designated committee appointed by the Board of Directors) to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Association or its Members, may be subject to discipline by the Board of Directors. Members shall be responsible for the conduct of their families and guests and may be subject to discipline by reason of the conduct of any one on the property. Discipline for a Member may include without limitation one or more of the following: a reprimand, a fine, suspension or expulsion from the Association. Discipline for a guest may include without limitation restrictions on, or barring of, any future use of the facilities provided at the Association by such guest. The Board of Directors shall be the sole judge of the type of conduct which either (i) violates these Bylaws, the Association rules and regulations or the Association policies, or (ii) constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Association or its Members.

9.2 Proposal for Discipline. Any Officer or member of the Board of Directors of the Association may propose to the Board of Directors that any Member be disciplined by the Association. The proposal shall include a recommendation as to whether the infraction is a "minor infraction" or a "major infraction" (as such terms are defined below).

9.3 Procedures for Minor Infractions. A "minor infraction" shall mean any grounds for discipline for which the proposing person seeks a reprimand, fine or other similar discipline, but does not seek suspension of a Member or barring a guest from use of the facilities provided at the Association. The grounds for discipline shall be presented to the Board of Directors by an

Officer of the Associations or a member of the Board of Directors. The Board of Directors shall consider such matters and conduct such due diligence investigation as it shall determine in its sole discretion is necessary or advisable to evaluate the disciplinary proposal. In addition, the Board of Directors may, but is not required to, have a meeting with the affected Member. Upon completion of its investigation, the Board of Directors may then impose such disciplinary action as it deems advisable in the circumstances. The Board of Directors shall notify the affected Member in writing not less than fifteen (15) days prior to the effective date of the decision. The notice shall be delivered by certified or registered mail, return receipt requested, to the last address of the affected Member in the Association's records. The notice shall set forth the discipline imposed and state the grounds for the discipline.

9.4 Procedures for Major Infraction. A "major infraction" shall be any grounds for discipline for which a proposing person seeks a suspension of a Member or from the Association or barring of a guest from use of the facilities provided at the Association (a "Suspension").

(a) Suspension Proposal. The grounds for Suspension shall be presented to the Board of Directors by an Officer of the Association or member of the Board of Directors. The Board of Directors shall consider such matters and conduct such due diligence investigation as it shall determine in its sole discretion is necessary or advisable to evaluate the Suspension proposal.

(b) Initial Determination. If the Board of Directors determines that there are not sufficient grounds to warrant a Suspension, the Board of Directors shall handle the matter as a "minor infraction" in accordance with Section 9.3.

(c) Further Proceedings. If the Board of Directors determines that there may be sufficient grounds to warrant a Suspension, prior to acting on the Suspension proposal, the Board of Directors shall notify the affected Member in writing of the Suspension proposal. The notice shall be delivered by certified or registered mail, return receipt requested, to the last address of the affected Members in the Association's records. The notice shall summarize the grounds for the proposed Suspension and include a copy of these provisions of the Bylaws. The notice shall be delivered not less than fifteen (15) days prior to the date on which any decision regarding the suspension proposal is to be made. The Suspension proposal shall thereafter be handled as provided in Section 9.5 below.

9.5 Major Infraction Meeting.

(a) Request for Meeting. The affected Member shall have the right to request a meeting with the Board of Directors to present relevant information concerning the Suspension proposal. The request for a meeting with the Board of Directors must be made in writing to the Board of Directors within ten (10) days following delivery of the notice of the Suspension proposal to the affected Member. When a meeting request is timely made, the Board of Directors shall grant such request and schedule a meeting prior to any final action on the Suspension proposal. If no meeting is requested by the affected Members, the Board of Directors may consider the Suspension proposal in such manner as it shall deem appropriate under the circumstances. If the meeting request is not timely made, the Board of Directors may deny any subsequent request in its sole discretion and otherwise may act on the Suspension

proposal without any further notice or without providing any further opportunity for the affected Member to be heard.

(b) Scheduling of Meeting. The date and time for a meeting timely requested by a Member or otherwise granted shall be established by the Board of Directors. The Board of Directors shall notify the affected Member in writing of the meeting date and time not less than ten (10) days prior to the scheduled meeting date.

(c) Conduct of Meeting. The meeting primarily shall be for the purpose of reviewing any relevant information that the affected Member desires to present to the Board of Directors in connection with the Suspension proposal. The Board of Directors shall determine in its sole discretion the manner and procedures for conducting a Suspension proposal meeting with the affected Member including without limitation the time, format, manner and persons that may be present for any presentation by an affected Member relating to a Suspension proposal. Prior to making its decision, the Board of Directors may also consider any other relevant evidence at such meeting or at such other time and place as it shall so determine and shall give such credibility to the evidence as it shall so determine.

#### 9.6 Adoption of Suspension/Expulsion Proposal.

(a) Adoption. Adoption of a Suspension proposal shall require an affirmative vote of two-thirds (2/3rds) of the members of the Board of Directors present at a duly convened meeting of the Board of Directors. If a Suspension/Expulsion proposal is adopted, the effective date of the Suspension shall be the date of adoption of the proposal, unless otherwise specified by the Board of Directors.

(b) Effect of Suspension. Any Member who is subjected to a suspension shall lose all membership privileges (or, in the case of a guest, ability to be a guest at the Association) for the time period specified by the Board of Directors. A Member shall be required to continue to pay any initiation fee installments, dues, special assessments, or other applicable charges associated with his or her Membership during the term of the suspension.

(c) Notice of Suspension. An affected Member shall be notified in writing of the decision of the Board of Directors as soon as reasonably practical following a determination. The notice shall be delivered by certified or registered mail, return receipt requested, to the last address of the affected Member in the Association's records.

9.7 Confidentiality. The Board of Directors shall keep its investigations, any proceedings and/or its deliberations concerning disciplinary matters confidential, except to the extent it deems necessary or advisable in connection with (i) conducting its investigations, (ii) conducting any meetings or other proceedings, (iii) responding to any judicial or administrative orders, or (iv) responding to any incorrect or misleading public information.

9.8 Legal Counsel. The Board of Directors may rely on advice of legal counsel to the extent it deems necessary or advisable for any matters relating to the proposed disciplinary actions, the disciplinary proceedings or interpretation of these procedures.

9.9 Other Remedies. If the Board of Directors votes against a Suspension/Expulsion proposal, it may nonetheless impose such other disciplinary measures as it may deem appropriate in the circumstances.

9.10 Decision of Board is Final. The decision of the Board of Directors in any disciplinary action shall be final and binding on any affected Member. All Members, shall abide by the decision of the Board of Directors. Further, no Member, shall initiate or participate in any claim, action or litigation against the Association, any member of the Board of Directors, any officer of the Association or any other Member arising from, or by reason of, any disciplinary proceeding or any decision of the Board of Directors.

## ARTICLE 10 AMENDMENT

These Bylaws may be amended at any time and from time to time by a majority vote of the Board of Directors.

## ARTICLE 11 INDEMNIFICATION OF OFFICIALS AND AGENTS.

11.1 Certain Definitions. A "Corporate Official" shall mean any Director or Officer and any former Director or Officer of the Association. A "Corporate Employee" shall mean any employee and any former employee of the Association. "Expenses" shall mean all costs and expenses, including attorneys' fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, whether threatened, pending or completed, and shall include appeals.

11.2 Right of Indemnification. The Association shall indemnify any Corporate Official and any Corporate Employee against any and all Expenses actually and necessarily incurred by or imposed upon him/her to the fullest extent provided by law. The right of indemnification shall not extend to any matter as to which such indemnification would not be lawful under the laws of the State of Colorado.

11.3 Indemnification Prohibited. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee: (i) has been adjudged liable for gross negligence or willful misconduct in the performance of the Corporate Official's or Corporate Employee's duty to the Association; or (ii) in connection with any Proceeding charging improper personal benefit to such Corporate Official or Corporate Employee, in which the party was adjudged liable on the basis that personal benefit was improperly received by such Corporate Official or Corporate Employee (even if the Association was not thereby damaged). Notwithstanding the foregoing, the Association shall indemnify such Corporate Official or Corporate Employee if and to the extent required by the court conducting the Proceeding, or any other court of competent jurisdiction to which such Corporate Official or Corporate Employee has applied, if it is determined by such court, upon application by such Corporate Official or Corporate Employee, that despite the adjudication of liability in the circumstances in clauses (i) and (ii) of this subsection 11.3 or whether or not the party met the applicable standards of conduct set forth above and in view of all relevant circumstances, the Corporate Official or

Corporate Employee is fairly and reasonably entitled to indemnification for such expenses as the court deems proper in accordance with the Nonprofit Act.

11.4 Prior Authorization Required. Any indemnification under Section 12.2 (unless ordered by a court or in accordance with Section 12.5 below) shall be made by the Association only if authorized in the specific case after a determination has been made that the Corporate Official or Corporate Employee is eligible for indemnification in the circumstances because such Corporate Official or Corporate Employee has met the applicable standards of conduct set forth above and after an evaluation has been made as to the reasonableness of the Expenses. Any such determination, evaluation and authorization shall be made by the Board of Directors by a majority vote of such Board, or by such other person or body as permitted by law. A Director who is a party to the subject Proceeding shall not be entitled to vote on such matter.

11.5 Success on Merits or Otherwise. Notwithstanding any other provision of this Article 12, the Association shall indemnify such Corporate Official or Corporate Employee to the extent that such party has been successful, on the merits or otherwise, including, without limitation, dismissal without prejudice or settlement without admission of liability, in defense of any Proceeding to which the party was a party against Expenses incurred by such party in connection therewith.

11.6 Advancement of Expenses. The Association may, but shall not be obligated to, pay for or reimburse the Expenses, or a portion thereof, incurred by a party in advance of the final disposition of the Proceeding if (a) the party furnishes the Association a written affirmation of such party's good faith belief that he or she has met the standard of conduct described above; (b) the party furnishes the Association a written undertaking, executed personally or on behalf of such party, to repay the advance if it is ultimately determined that the party did not meet such standard of conduct; and (c) authorization of payment and a determination that the facts then known to those making the determination would not preclude indemnification under this Article to have been made in the manner provided in Section 12.4. The undertaking required by clause (b) must be an unlimited general obligation of the party, but need not be secured and may be accepted without reference to financial ability to make repayment.

11.7 Payment Procedures. The Association shall promptly act upon any request for indemnification, which request must be in writing and accompanied by the order of court or other reasonably satisfactory evidence documenting disposition of the Proceeding in the case of indemnification under Section 12.4 and by the written affirmation and undertaking to repay as required by Section 12.5 in the case of indemnification under Section 12.6. The right to indemnification and advances granted by this Article shall be enforceable in any court of competent jurisdiction if the Association denies the claim, in whole or in part, or if no disposition of such claim is made within 90 days after written request for indemnification is made. A party's Expenses incurred in connection with successfully establishing such party's right to indemnification, in whole or in part, in any such Proceeding shall also be paid by the Association.

11.8 Notification to Members. Any indemnification of or advance of Expenses to a Director (but not to any other party) in accordance with this Article, if arising out of a

Proceeding by or on behalf of the Association, shall be reported in writing to the Members with or before the notice of the next meeting of Members.

11.9 Authority to Insure. The Association shall purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against him or her or incurred by such party as a Corporate Official or Corporate Employee or arising out of his status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

11.10 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as may appear appropriate to the Board of Directors in each specific case and circumstances, including, but not limited to, any one or more of the following: (a) that any counsel representing the party to be indemnified in connection with the defense or settlement of any proceeding shall be counsel mutually agreeable to the party and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any Proceeding made, initiated, or threatened against the party to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the party to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

11.11 Other Rights and Remedies. The indemnification provided by this Article shall be in addition to any other rights which a party may have or hereafter acquire under any law, provision of the Articles of Incorporation, any other or further provision of these Bylaws, vote of the Members or Board of Directors, agreement, or otherwise.

11.12 Applicability; Effect. The indemnification provided in this Article shall be applicable to acts or omissions that occurred prior to the adoption of this Articles, and shall continue as to any party entitled to indemnification under this Article who has ceased to be a Director, officer, or employee of the Association. The repeal or amendment of this Article or of any Section or provision hereof that would have the effect of limiting, qualifying, or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict, or otherwise affect the right or power of the Association to indemnify any person, or affect any rights of indemnification of such person, with respect to any acts or omissions that occurred prior to such repeal or amendment. All rights to indemnification under this Article shall be deemed to be provided by a contract between the Association and each party covered hereby.

11.13 Indemnification of Agents. The Association shall have the right, but shall not be obligated, to indemnify any agent of the Association not otherwise covered by this Article to the fullest extent permissible by the laws of Colorado. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided in Section 12.3.

11.14 Savings Clause; Limitation. If this Article or any Section or provision hereof shall be invalidated by any court on any ground, or if the Nonprofit Act is amended in such a

way as to affect this Article, then the Association shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article that shall not have been invalidated.

## ARTICLE 12 MISCELLANEOUS

12.1 Interpretation of Bylaws and Rules and Regulations. In the event of any disagreement, the Board of Directors shall have the authority to interpret any of the provisions of these Bylaws and/or the Rules and Regulations and Association policies. The interpretation by the Board of Directors shall be presumed correct for all purposes.

12.2 Interpretation of Bylaws and Declaration. In the event of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the event of any conflict between these Bylaws and the Articles, the Articles shall control.

(a) Actions by the Board. The Board of Directors shall have the authority to act in accordance with the Declaration. The Board of Directors shall adopt Rules and Regulations pursuant to the Declaration. The Board of Directors shall at all times require Members and their Permittees to comply with the Augmentation Plan as more specifically set forth by the Water Court Plan for Augmentation and Exchange Right in Case No. 2003 CN092, as same may be amended or supplemented by the Water Court. The Board of Directors shall have the authority to discipline Members for any violation of the Augmentation Plan in accordance therewith and with Article 9 hereof.

12.3 Actions to Avoid Intent of Bylaws and Rules and Regulations. Members shall not attempt to manipulate or take advantage of the application of these Bylaws and/or the Rules and Regulations or Association policies so as to unfairly enhance the Member's situation. The Board of Directors shall have the right to interpret these Bylaws so as to prevent the inequitable application of provisions of these Bylaws or the Association rules and regulations and Association policies to a Member or other persons affected thereby. Any attempt to purposely avoid or manipulate the Bylaws or Rules and Regulations shall be grounds for discipline in accordance with the provisions of these Bylaws.

12.4 Legal Proceedings. If the Association shall be required to respond to any judicial or administrative proceeding relating to a Member's Membership in the Association, then that Member shall be required to reimburse the Association for all costs incurred by the Association in connection with any response including without limitation the attorneys' fees incurred by the Association in connection therewith. Such costs shall be deemed advances by the Association on behalf of the Member and shall be reimbursable upon demand by the Association to the Member. The Association shall be authorized to charge the Member's account for any such costs or deduct such costs from any refund due to such Member upon resignation.

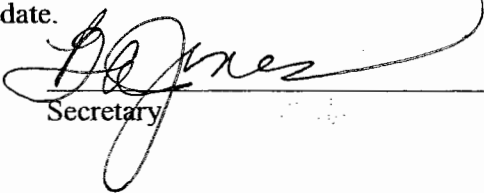
12.5 Books and Records. The Association shall keep correct and complete books and records of account and shall keep, at its principal office in Colorado, a record of the names and addresses of its Members, the Articles of Incorporation and these Bylaws which may be purchased by any Member at reasonable cost. All books and records of the Association,

including the Articles of Incorporation, Bylaws as amended, and minutes of meetings Members and Directors may be inspected by any Member, or his agent or attorney. The right of inspection shall be subject to any reasonable rules adopted by the Board of Directors requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

12.6 Statement of Account. Upon written request of a Member, the Association shall furnish a written statement of account setting forth the amount of any unpaid assessments, or other amounts, if any, due or accrued and then unpaid. The Board of Directors may establish a reasonable fee for preparation of such statements.

The foregoing Bylaws of RIVER'S RUN AT CRYSTAL LAKE HOME OWNERS' ASSOCIATION were duly adopted by the Board of Directors to be effective for all purposes as of November 1<sup>st</sup>, 2003. These Bylaws supersede all prior bylaws of the Association and any amendments thereto from and after the effective date.

Date: 11/01/03

  
Secretary