

Articles of Organization for a Limited Liability Company

filed pursuant to § 7-90-301 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

The domestic entity name of the limited liability company is Monument Ridge East, LLC

The principal office street address is 5055 List Drive
Colorado Springs CO 80919
US

The principal office mailing address is 5055 List Drive
Colorado Springs CO 80919
US

The name of the registered agent is Maria Michelle Larsen

The registered agent's street address is 2180 Rocking Horse Ct
Colorado Springs CO 80921
US

The registered agent's mailing address is 2180 Rocking Horse Ct
Colorado Springs CO 80921
US

The person above has agreed to be appointed as the registered agent for this limited liability company.

The management of the limited liability company is vested in Members

There is at least one member of the limited liability company.

Person(s) forming the limited liability company

Maria Michelle Larsen
2180 Rocking Horse Ct.
Colorado Springs CO 80921
US

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., and, if

applicable, the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

Name(s) and address(es) of the individual(s) causing the document to be delivered for filing

Maria Michelle Lasen
2180 Rocking Horse Ct
Colorado Springs CO 80921
US

**OPERATING AGREEMENT
OF
MONUMENT RIDGE EAST, LLC
A Colorado Limited Liability Company**

This OPERATING AGREEMENT of Monument Ridge East, LLC (the "Agreement"), is made and entered into effective as of August 5, 2021, 2021, by and between Donald D. Cannella ("Cannella"), and Larsen Land Holdings, LLC, a Colorado limited liability company ("Larsen"), for themselves, their successors, and assigns (sometimes referred to herein individually as a "Members" or collectively as the "Members") for the purpose of forming Monument Ridge East, LLC, a Colorado limited liability company, formed pursuant to the Colorado Limited Liability Act at C.R.S. § 7-80-101 *et seq.* (the "Colorado Act") on all the terms and conditions set forth herein.

**ARTICLE I
NAMES, ADDRESSES, AND DEFINITIONS**

1.1 Name. This limited liability company shall be known as and shall operate under the name of Monument Ridge East, LLC, a Colorado limited liability company (hereinafter the "Company").

1.2 Principal Place of Business. The principal place of business of the Company shall be 5055 List Drive, Colorado Springs, CO 80919, or such other locations, inside or outside the State of Colorado, as are necessary or desirable for the conduct of the Company's business as designated by the Members. In addition, the initial record keeping office of the Company shall be located at the above address.

1.3 Registered Office and Registered Agent. The Company's registered office shall be at the office of its registered agent at 5055 List Drive, Colorado Springs, CO 80919, and the name of its initial registered agent as of the date of this Agreement at such address shall be Donald D. Cannella. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Colorado Secretary of State pursuant to the Colorado Act.

1.4 Addresses of the Members. The names and addresses of the Members are set forth below:

Donald D. Cannella
5055 List Drive
Colorado Springs, CO 80919

Larsen Land Holdings, LLC
2180 Rocking Horse Court
Colorado Springs, CO 80921

A Member may change such address by written notice as provided herein to the Company.

1.5 Term. Except as provided herein, the Company shall continue from the date of the filing of the Articles of Organization with the Secretary of State of the State of Colorado without dissolution until the first to occur of the following: (i) the written agreement of all Members to dissolve the Company, (ii) the dissolution of the Company in accordance with either the provisions of this Operating Agreement or the Colorado Act, or (iii) the expiration of the duration, if any, set forth in the Articles of Organization for the Company.

1.6 Definitions. The following terms used in this Operating Agreement shall have the following meanings (unless otherwise expressly provided herein):

a. **"Articles of Organization"** shall mean the Articles of Organization of Monument Ridge Development Company, LLC, as filed with the Secretary of State of Colorado, as the same may be amended from time to time.

b. **"Capital Account"** as of any given date shall mean the Capital Contribution to the Company by a Member as adjusted up to the date in question pursuant to Article IV. **"Deficit Capital Account"** as of any given date shall mean the Capital Contributions necessary to bring a Member's Capital Account to zero.

c. **"Capital Contribution"** shall mean any contribution to the capital of the Company in cash or property by a Member whenever made. **"Initial Capital Contribution"** shall mean the initial contribution to the capital of the Company pursuant to this Operating Agreement. For purposes of determining the rights and obligations for distributions to Economic Interest Owners who are not Members, "Capital Contributions" shall mean and refer to (i) the Capital Contribution of the Member from whom the Economic Interest Owner acquired his or her Economic Interest, if applicable, or (ii) the contributions to the Company made by an Economic Interest Owner pursuant to the agreement referred to in Section 8.2.

d. **"Capital Interest"** shall mean the proportion that a Member's positive Capital Account bears to the aggregate positive Capital Accounts of all Members whose Capital Accounts have positive balances as may be adjusted from time to time.

e. **"Code"** shall mean the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent superseding federal revenue laws.

f. **"Colorado Act"** shall mean the Colorado Limited Liability Company Act at C.R.S. 7-80-101, *et seq.*, as amended from time to time.

g. **"Company"** shall refer to Monument Ridge Development Company, LLC, a Colorado limited liability company.

h. **"Distributable Cash"** shall mean all cash, revenues, and funds received by the Company from Company operations or activities, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments currently due and owing on indebtedness of the Company and all other sums paid to lenders, (ii) all cash expenditures incurred incident to the normal operation of the Company's business; and (iii) such Reserves as the Manager deems reasonably necessary to the proper operation of the Company's business.

i. **"Economic Interest"** shall mean a Member's or Economic Interest Owner's share of one or more of the Company's Net Profits, Net Losses, and distributions of the Company's assets pursuant to this Operating Agreement and the Colorado Act but shall not include any right to participate in the management or affairs of the Company including the right to vote on, consent to, or otherwise participate in any decision of the Members or Manager. The Membership Interest and Economic Interest of a Member may only be separated and transferred as permitted by the terms and conditions of Articles IX and X of this Operating Agreement.

j. **"Economic Interest Owner"** shall mean the owner of an Economic Interest who is not a Member. An Economic Interest Owner shall not be entitled to inspect the books and records of the Company. The Company shall have no obligation to provide reports to the Economic Interest Owner, nor to provide tax returns, K-1's or any other such information. Any distributions from the Company may be paid to the Membership Interest owner from which the Economic Interest is derived, if such Economic Interest is derived or obtained from a Member, and the Company shall have no obligation to the Economic Interest Owner to make such distributions directly to the Economic Interest Owner. The Company may, with the unanimous written consent of the Members (as defined in Section 3.4 of this Agreement), permit a Person or Entity to acquire an Economic Interest in the Company, which Economic Interest shall be subject to the terms and conditions of the agreement between the Company and the Economic Interest Owner, which terms and conditions may vary the terms of this paragraph. When the Economic Interest of an Economic Interest Owner is derived or obtained from a Member, then distributions to such Economic Interest Owner shall be subject to all limitations, rights and obligations contained in this Operating Agreement that were applicable to the Membership Interest prior to the severance and transfer of the Economic Interest associated with such Membership Interest to the Economic Interest Owner. Reference in this Operating Agreement to "Economic Interest Owner" or "Economic Interest" shall mean and refer to the Member owning the Membership Interest and his or her Membership Interest, unless a separate Economic Interest has been created or transferred in accordance with Articles VIII and IX of this Operating Agreement.

k. **"Entity"** shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, or association or any foreign trust or foreign business organization, or any other entity through which business may be lawfully conducted.

l. **"Fiscal Year"** shall mean the Company's fiscal year, which shall be the calendar year.

m. **"Majority Interest"** shall mean one or more Membership Interests of Members which, taken together, equal to more than fifty percent (50%) of the aggregate of all Membership Interests specifically allocating any Economic Interest in the Company to the Member from whom the applicable Economic Interest is derived, if applicable.

n. **"Manager"** shall mean one or more managers. Specifically, "Manager" shall mean Donald D. Cannella, or any other persons or entities that succeed it in such capacity. References to the Manager in the singular or as "him," "her," "it," "itself," or other like references shall also, where the context so requires, be deemed to include the plural or the masculine or feminine reference, as the case may be.

o. **"Member"** shall mean each party who executes a counterpart of this Operating Agreement as a Member and each of the parties who may hereafter become Members. To the extent a Manager has purchased or otherwise acquired a Membership Interest in the Company, he or she will have all the rights of a Member with respect to such Membership Interest, and the term "Member" as used herein shall include a Manager to the extent he or she has purchased or otherwise acquired such Membership Interests in the Company.

p. **"Membership Interest"** shall mean a Member's entire interest in the Company including the Economic Interest, and such other rights and privileges the Member may enjoy by virtue of being a Member.

q. **"Net Profits"** and **"Net Losses"** shall mean the income, gain, loss, deductions, and credits of the Company in the aggregate or separately stated, as appropriate, determined at the close of each Fiscal Year on the Company's information tax return filed for federal income tax purposes.

r. **"Operating Agreement" and this "Agreement"** shall mean this Operating Agreement, as originally executed and as amended from time to time.

s. **"Person"** shall mean any individual or Entity and the heirs, executors, administrators, legal representatives, successors, and assigns of the "Person" where the context so permits.

t. **"Reserves"** shall mean, with respect to any fiscal period, funds set aside or amounts allocated during such period to reserves which shall be maintained in amounts deemed sufficient by the Manager for working capital and to pay taxes, insurance, debt service, or other costs or expenses incident to the ownership or operation of the Company's business.

u. **"Selling Member"** shall mean any Member or Economic Interest Owner who sells, assigns, pledges, hypothecates, or otherwise transfers all or any portion of his or her Membership Interest or Economic Interest. Selling Member shall also have the meaning set forth in Article X of this Operating Agreement.

v. **"Treasury Regulations" and "Regulations"** shall include proposed, temporary, and final regulations promulgated under the Code in effect as of the date of filing the

Articles of Organization and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

ARTICLE II PURPOSE OF THE COMPANY

2.1 Purpose. The Company is organized for the purpose of owning, developing, selling and/or leasing real property located in El Paso County, Colorado, or conducting any other lawful business or activity whatsoever, or which shall at any time appear conducive to or expedient for the protection or benefit of the Company and its assets and to engage in all activities necessary, customary, convenient, or incident to the foregoing which may be legally exercised by limited liability companies under the Colorado Act.

2.2 Operating Powers. The Company shall have and exercise all powers necessary or appropriate to do any and all other things necessary or desirable in the opinion of the Majority Interest of the Members to implement the purposes of the Company as would a natural person, subject to the limitations set forth in this Agreement or the Colorado Act.

ARTICLE III CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Each of the Members shall contribute to the Company, as of the date of this Agreement, the amount of cash or services set forth opposite such Member's name as follows:

Donald D. Cannella:	\$1000.00
Larsen Land Holdings, LLC:	\$1000.00

3.2 Additional Capital Contributions.

(a) In the event that a Majority Interest of the Members at any time decide in accordance with the terms of this Agreement that additional funds beyond those described Section 3.1 and Section 3.5 are necessary to meet Company obligations, or otherwise conduct the Company business in accordance with the then authorized purpose of the Company and a Majority Interest of the Members determine not to borrow such funds, the Members of the Company shall contribute, within twenty (20) days following such decision, as an additional Capital Contribution his or her pro rata share of the required funds, based on the Member's Membership Interest in the Company in relationship to all other contributing Members' current Membership Interests in the Company.

(b) Except as required under this Section 3.2, no Member shall be required to make any additional Capital Contributions to the Company. In the event that a Member fails to make his or her contribution as required, interest shall accrue twenty (20) days following the approval of the additional Capital Contribution on the applicable Member's required amount at the rate of fifteen percent (15%) per annum. The non-defaulting Members may, but shall not be required to, make the contribution of the defaulting Member. If the defaulting Member does not

pay the full amount of the delinquency plus interest within sixty (60) days after the contribution by the non-defaulting Members, then the non-defaulting Members shall treat the amount of the advance by the non-defaulting Member as a Capital Contribution and the Capital Accounts of the Members, as applicable, shall be adjusted to reflect the additional Capital Contribution of the non-defaulting Members and the non-defaulting Member shall have the right to purchase the interest of the defaulting Member pursuant to the terms of **Article X** of this Agreement.

3.3 No Interest on Capital Contributions. No Member shall be entitled to receive interest on his or her own Capital Contributions to the Company, except as otherwise provided for in Sections 3.2 and 3.4 of this Agreement.

3.4 Return of Capital Contributions. None of the Members shall be entitled to the return of any monies or other property contributed to the capital of the Company until the full and complete winding up and liquidation of the business and affairs of the Company, and then only as provided therein. Except as may be agreed to by a Majority Interest of the Members, Capital Contributions to the Company and distributions from the Company shall be made on the applicable basis set forth in **Section 4.3 and Article XI** of this Agreement. Except as provided in **Article XI** of this Agreement or as otherwise agreed to by a Majority Interest of the Members, none of the Members shall have priority over the other Members as to the return of any Capital Contributions to the Company or to distributions from the Company. The fees and reimbursements, if any, currently owing to a Member or the Manager and their affiliates will be paid before distributions are made to Members.

3.5 Borrowings. In order to satisfy his or her financial needs, the Manger of the Company, on behalf of the Company, but only upon the consent of a Majority Interest of the Managers, shall borrow from banks, lending institutions, or other unrelated third parties and may pledge Company property or the production of or other income therefrom to secure and provide for the repayment of loans. The Company may also borrow funds from a Member on an unsecured basis upon the approval of a Majority Interest of the Members.

3.6 Voluntary Additional Capital Contributions. Nothing in this section shall prohibit voluntary additional Capital Contributions of cash or property to the Company by a Member; provided, however, that such Additional Capital Contribution, unless made pursuant to Section 3.2, must be approved by vote of a Majority Interest of the Members. The Membership Interest of a Member may not be decreased as a result of a voluntary additional Capital Contribution unless the owner of the impacted Membership Interest agrees to such decrease or the reduction occurs pursuant to the terms of Section 3.2.

3.7 Liability for Contributions. Each Member understands that:

a. The Members shall not be personally liable for the return or payment of all or any portion of (i) the Capital Contribution(s) of the Members (ii) the Membership Interests or (iii) the Economic Interests, it being understood that any such return or payment shall be solely from the Company's assets;

b. However, if a Member has received a return of part of his or her Capital Contribution in violation of the Operating Agreement or the Colorado Act, he or she is liable to the Company for a period of six (6) years thereafter for the amount of the Capital Contribution wrongfully returned.

ARTICLE IV
OWNERSHIP, ALLOCATIONS AND DISTRIBUTION OF ITEMS OF
COMPANY INCOME, GAIN, LOSS, DEDUCTION AND CREDIT

4.1 Percentage Ownership Interests. The respective initial Membership Interests of the Members in and to the Company and all property of the Company, including but not limited to all real and personal tangible and intangible property of the Company, shall be as follows:

Donald D. Cannella:	50%
Larsen Land Holdings, LLC:	50%

4.2 Allocation of Income, Gain, Loss and Deduction. Unless otherwise agreed upon in writing by a Majority Interest of the Members, the distribution of Company Net Profits and Net Losses as determined for federal income tax purposes shall be divided and borne among the Members as provided in Section 4.3 of this Agreement. Net Losses shall be allocated among the Members first to reverse any prior allocations of Net Profits above in the inverse order of such allocations, then in accordance with the Membership Interests of the Members in the Company. If Net Losses are allocated to Members, subsequent Net Profits shall first be allocated among the Members to recoup the previous allocations of Net Losses.

4.3 Distributions.

A. Non-Liquidating Distributions. The Company shall make non-liquidating distributions to the Members with approval of, and upon the determination by, the Manager that there is Distributable Cash and that any property of the Company proposed to be distributed is no longer needed by the Company for the conduct of its business as set forth in the current business plan. Except as provided in Section 4.7, all distributions of cash or other property shall be made to the Members in the following order of priority (taking into account, as applicable, the Members' then current Capital Account balances):

(i) **First Level.** To the Members in accordance with their Membership Interests in such amount as shall be required to satisfy the tax liability of each Member which shall be created due to allocations of Net Profits to the Members, in accordance with their Membership Interests during the year in question (the "Tax Distributions"). Tax Distributions shall be made on the basis of an assumed tax liability for each Member at the maximum individual tax rate then in effect. Tax Distributions shall not be taken into account when calculating the unreturned portion of any Member's Initial Capital Contribution or subsequent Capital Contributions; and

(ii) Second Level. To the Members pro rata in accordance with the Members' then current Membership Interests until the Members' then current Capital Accounts are reduced to zero (\$0):

(iii) Third Level. To the Members pro rata in accordance with their respective current Membership Interests.

Except as provided in Section 4.8, all distributions of Distributable Cash and property shall be made at such time as determined by the Manager pursuant to this Agreement. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to this Section 4.3.

B. Liquidating Distributions. Upon liquidation, all distributions of cash or other property, shall be made to the Members in the following order of priority (taking into account, as applicable, the Members' then current Capital Account balances):

(i) First Level. To the Members pro rata based upon their respective Membership Interests until their respective then current Capital Accounts are reduced to zero (\$0);

(ii) Second Level. To the Members pro rata in accordance with their respective Membership Interests.

4.4 Allocation of Tax Credits. Any investment tax credit and other tax credits with respect to the Company's property or operations shall be allocated among the Members in accordance with their respective Membership Interests. All recapture of investment tax credit resulting from the sale or other disposition of Company property shall be allocated to the Members to whom the credit giving rise to such recapture originally was allocated under this Section.

4.5 Reserves. The Company shall maintain such Reserves for operation of the Company as the Manager determines to be necessary by a vote of a simple majority of the Managers if there is more than one Manager.

4.6 Overriding and Special Allocations to Capital Accounts. Upon the agreement of a Majority Interest of the Members, or as required under the Code and/or Treasury Regulations, special allocations of loss, deduction and/or expenditures may be made in accordance with the Code and Treasury Regulations.

4.7 Capital Accounts. The Company, with respect to each Member, shall maintain Capital Accounts in accordance with the following provisions:

a. To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's allocable share of Company Net Profits and any items in the nature of income or gain which are specially allocated pursuant to this Article IV hereof, and

the amount of any Member liabilities assumed by such Member or which are secured by any assets or property distributed to such Member;

b. To each Member's Capital Account there shall be debited the amount of cash and the gross asset value of any assets or property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Company Net Losses and any items in the nature of expenses or losses which are specially allocated pursuant to this Article IV hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

c. In determining the amount of any liability for purposes of Sections 4.7(a) and (b) above, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Members shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Company or the Members), are computed in order to comply with such Regulations, the Members may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Section 11.1 hereof upon the dissolution of the Company. The Members also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

4.8 Limitation Upon Distributions. No distribution shall be declared and paid unless, after the distribution is made, the assets of the Company are in excess of all liabilities of the Company, except liabilities to Members and Economic Interest Owners on account of their Capital Contributions.

ARTICLE V ACCOUNTING AND REPORTING

5.1 Books of Account. The Company shall maintain complete and accurate books of account of the Company's affairs at the principal office of the Company specified in Section 1.2 of this Agreement. Every Member shall have access at all reasonable times to the Company's books of account and may inspect and copy any of them. The Company's books of account shall be closed promptly after the end of each accounting and tax year, and, as soon as practicable thereafter, the Company's accountant shall prepare such unaudited financial statements as requested by vote of a Majority Interest of the Members. Copies of such financial statements shall be furnished to each Member. Within ninety (90) days after the end of each calendar year,

the Company shall furnish to every Member who owned an interest in the Company during such year such tax information regarding the Company and its operations as shall be reasonably necessary for the preparation of each Member's federal, state and other tax returns.

5.2 Fiscal Year. The fiscal year of the Company shall be the calendar year.

5.3 Accounting Methods; Transfers During Year. Company Net Profits or Losses shall be determined as of the end of each calendar year by the Company's accountant in accordance with generally accepted accounting principles or upon the cash method of accounting (or any modification thereof), as determined by vote of a Majority Interest of the Members.

5.4 Tax Matters Member. Donald D. Cannella is hereby designated the "tax matters member" for purposes of Code Section 6221, et seq.

5.5 Tax Elections and Returns. The Company may make any election under the Tax Code as determined by vote of a Majority Interest of the Members.

ARTICLE VI RIGHTS AND DUTIES OF MANAGER

6.1 Management. The business and affairs of the Company shall be managed by its Manager. The Manager shall direct, manage and control the business of the Company in a commercially reasonable manner in accordance with the limitations imposed by the then current budget for the Company approved by a Majority Interest of the Members (the "Project"). Except for situations in which the approval of the Members is expressly required by this Operating Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Manager, unless the approval of the Members or more than one of the Managers is expressly required pursuant to this Agreement or the Colorado Act. The initial Manager of the Company shall be Donald D. Cannella.

6.2 Number, Tenure and Qualifications. The number of Managers of the Company shall be fixed from time to time by the vote of a Majority Interest of the Members, but in no instance shall there be fewer than one Manager. Each Manager shall serve for an indefinite term and shall remain Manager until such Manager resigns or is removed by a vote of a Majority Interest of the Members. Managers need not be residents of the State of Colorado or Members of the Company.

6.3 Certain Powers of Manager. Without limiting the generality of Section 6.1 and subject to the limitations described in Section 6.12, the Manager shall have power and authority, on behalf of the Company:

- a. Subject to the terms of Section 3.5 and this Section 6.3 a, to borrow money for the Company from banks, other lending institutions, other unrelated third parties, the Manager, Members, or affiliates of the Manager or Members on such terms as the Manager deems appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager in accordance with the terms of Section 3.5, or to the extent permitted under the Colorado Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager; **provided, however**, any borrowings on behalf of the Company from a bank, other lending institution, other third party, or a Member or affiliate of a Member, whether on a secured or unsecured basis, will require the approval of a Majority Interest of the Members;
- b. To purchase liability and other insurance to protect the Company's property and business;
- c. To hold and own any Company real and/or personal properties in the name of the Company;
- d. To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments;
- e. To sell or otherwise dispose of all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or a cause of a default under any other agreement to which the Company may be bound; provided, however, that the vote of the Members shall not be required with respect to any sale or disposition of the Company's assets in the ordinary course of the Company's business;
- f. To execute on behalf of the Company all instruments and documents, including, without limitation, sales agreements; checks; drafts; notes and other negotiable instruments; mortgages or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Company's property; assignments, public improvement bonds, deeds, bills of sale; leases; partnership agreements, operating agreements of other limited liability companies; and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company;
- g. To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds;
- h. To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve; and
- i. To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business.

6.4 Liability for Certain Acts. The Manager shall perform his or her duties as Manager in good faith, in a manner it reasonably believes to be in the best interests of the Company, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances. A Manager who performs his or her duties in accordance with the standards expressed in this Operating Agreement shall not have any liability by reason of being or having been a Manager of the Company. The Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of fraud, deceit, willful misconduct or a wrongful taking by the Manager.

6.5 Manager Has No Exclusive Duty to Company. No Manager shall be required to manage the Company as his or her sole and exclusive function and he or she (or any Manager) may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Manager or to the income or proceeds derived therefrom. No Manager shall incur liability to the Company or to any of the Members as a result of engaging in any other business or venture.

6.6 Bank Accounts. The Manager shall from time to time open bank and other accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines otherwise. All funds of the Company shall be deposited into such accounts and all expenses of the Company shall be paid from such accounts.

6.7 Indemnity of the Managers, Employees and Other Agents. The Company shall indemnify the Manager and make advances for expenses related to such indemnification for matters other than those related to loss or damage which are the result of fraud, deceit, willful misconduct or a wrongful taking by the Manager. The Company shall indemnify its employees and other agents who are not the Manager to the fullest extent permitted by law, provided that such indemnification in any given situation is approved by Members by a Majority Interest.

6.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.9 Removal. All or any lesser number of Managers may be removed at any time for fraud or by the affirmative vote of a Majority Interest of the Members.

6.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the unanimous affirmative vote of the remaining Managers then in office, provided that if there are no remaining Managers, the vacancy(ies) shall be filled by the affirmative vote of a Majority Interest of the Members. Any Manager's position to be filled by reason of an increase in the number of Managers shall be filled by the unanimous affirmative vote of the Managers then in office or by an election at an annual meeting or at a special meeting of Members called for that purpose or by the written consent of a Majority Interest of the

Members. A Manager elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and shall hold office until the expiration of such term and until his or her successor shall be elected and shall qualify or until his or her earlier resignation or removal. A Manager chosen to fill a position resulting from an increase in the number of Managers shall hold office until the next annual meeting of Members and until his or her successor shall be elected and shall qualify, or until his or her earlier death, resignation or removal.

6.11 Salaries and Reimbursements. The Manager shall not be compensated for his or her services, unless otherwise determined by a Majority Interest of the Members. No Manager shall be prevented from receiving a salary by reason of the fact that he or she is also a Member of the Company. In addition, the Company shall reimburse the Manager for his or her actual and reasonable out-of-pocket expenditures made pursuant to the exercise of the Manager's authority under this Agreement.

6.12 Limitation on Authority of Manager. No Manager shall, without the written consent of a Majority Interest of the Members, do any of the following:

- a. Purchase or lease real property for the Company;
- b. Enter into any bond, become endorser or surety for any Person, or knowingly cause or suffer to be done anything whereby the Company property may be seized, attached, or taken on execution.
- c. Compromise any Company claim for any reason or confess judgment against the Company in excess of \$10,000.00.
- d. Dispose of substantially all of the assets of the Company, except in the ordinary course of the Company's business.
- e. Borrow any money in excess of \$5,000.00 in the name of, or on behalf of, the Company.
- f. Enter into any acquisition, debt, mortgage, encumbrance, obligation or other transaction requiring an obligation or expenditure of the Company in excess of that amount agreed to in writing from time to time by a Majority Interest of the Members and filed in the Company's records or, in the absence of such written agreement, in excess of \$5,000.00.
- g. Conduct any act in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Company.
- h. Perform any act which would subject any Member to personal liability beyond his or her Capital Contributions.
- i. Enter into any acquisition, debt, mortgage, encumbrance, obligation or other transaction requiring an obligation or expenditure of the Company.

j. Spend or commit the Company to spend amounts in excess of ten percent (10%) of the current Budget or line items within the current Budget.

Notwithstanding the foregoing powers of the Manager, the Manager shall have the following authority only upon the approval of not less than seventy five percent (75%) of the Membership Interest in the Company:

- k. Dissolution of the Company;
- l. Certain amendments to this Agreement as provided in Section 14.5 below;
- m. Change the primary purpose of the business of the Company; or
- n. Admission of new members of the Company (except as expressly permitted herein) or dilution of the percentage interests held by each member (except resulting from a default by a Member or except as expressly permitted herein);

ARTICLE VII RIGHTS AND OBLIGATIONS OF MEMBERS

7.1 Limitation of Liability. Each Member's liability shall be limited as set forth in the Act, other applicable law, and as set forth in this Agreement. The failure of the Company to observe the formalities or requirements relating to the management of the Company's business and affairs shall not, in itself, impose personal liability on the members for the liabilities of the Company beyond that provided under the Colorado Act and this Agreement.

7.2 Company Debt Liability. A Member will not personally be liable for any debts or losses of the Company beyond his or her respective unreturned Capital Contributions, except as otherwise required by law or as to such debts and liabilities of the Company as are personally guaranteed by the Members.

7.3 Fiduciary Obligation of Member. The duties of a Member, as to all other Members of the Company related to the business and operation of the Company, are of a fiduciary nature. Each Member owes a duty of complete disclosure of all business transactions of the Company and of good faith in their dealings on behalf of and with the Company and its Members. The duties of a Member to the Company or another Member may not be delegated without the prior consent of the non-delegating Members.

7.4 Reimbursement. The Company shall reimburse each Member for such Member's actual and reasonable out-of-pocket expenditures made pursuant to the exercise of such Member's authority under this Agreement or reasonably made for the purpose of preserving the Company's business or property.

ARTICLE VIII
ADMISSION OF NEW MEMBERS; CREATION OF ECONOMIC INTERESTS

8.1 Member Consent Required. No Person, regardless of whether such Person is or is not a transferee of a Membership Interest in the Company, may become a Member of the Company without becoming a party to this Agreement (with such amendments thereto, if any) as the then-existing Members may agree upon) and without first obtaining the written consent of a Majority Interest of the then-existing Members.

8.2 Creation of Economic Interests. The Company, with the written consent of a Majority Interest of the Members, may create Economic Interests in the Company with any Person, which Economic Interests shall be subject to and upon the terms set forth in the agreement between the Economic Interest Owner and the Company.

ARTICLE IX
TRANSFER OF INTEREST IN COMPANY

9.1 Restriction. No Member shall transfer or encumber his or her Membership Interest in the Company without the written consent of a Majority Interest of the Members; provided, however, that this restriction shall not apply if the transfer or encumbrance is to a Member. Any such transfer or encumbrance shall be null and void and of no legal effect upon the Company, and the Company will not be required to accept, recognize or be bound by such transfer or encumbrance. Any transfer or attempted transfer of a Membership Interest in violation of this Section shall subject the Membership Interest of such Member to the option to purchase by the other Members pursuant to Article X of this Operating Agreement, except that the purchase price for the purchase of the Membership Interest of the Selling Member shall be the **lower of** (i) the purchase price agreed upon by the Selling Member in connection with the transfer or attempted transfer in violation of this Article IX or (ii) seventy percent (70%) of the purchase price as determined pursuant to Section 10.2. The payment of the purchase price so determined shall, at the election of the purchasing Member, be payable either (i) pursuant to the terms set forth in Section 10.3 or (ii) pursuant to the terms of payment agreed upon by the Selling Member in connection with the transfer or attempted transfer in violation of this Article IX. In the event of an encumbrance in violation of this Article IX, the event of encumbrance shall not trigger the option to purchase a Membership Interest, but if the holder or beneficiary of such encumbrance exercises his or her rights under the documents creating the encumbrance to acquire the Membership Interest, then the Members shall have the option to purchase such Membership Interest pursuant to this Section. The failure of the other Members to exercise such option to purchase shall not be deemed a consent to the transfer or attempted transfer in violation of this Article IX, and the purported transferee of such Membership Interest shall not become a Member, nor shall the Company be required to accept, recognize or be bound by such transfer. Finally, the failure of the other Members to execute such option to purchase shall not allow the Selling Member to complete any transfer or attempted transfer, and the Selling Member shall remain a Member under the terms and conditions of this Agreement. The terms of this section may be specifically enforced against a transferee or encumbrancer.

9.2 Permitted Transfers. A Member may transfer his or her Economic Interest in the Company, without consent of the other Members, to: (i) a trust for the spouse and/or children of the Member in which the Member is trustee, (ii) to a family partnership in which the Member is general partner, or (iii) to the spouse of the Member, (iv) an entity in which a Member owns a majority ownership and voting control interest, or (v) a trust in which a Member is the trustee and has the legal authority to direct the actions of the trust. The recipient of such transfer shall thereafter be an Economic Interest Owner with the transferring Member remaining the voting Member of the Company, subject to the limitations set forth in this Operating Agreement, including but not limited to the repurchase right described in Section 10.1 which shall be deemed to grant, upon the bankruptcy, withdrawal or resignation of the transferring Member, a repurchase right of the applicable Member's interest as well as any Economic Interest created pursuant to this Section 9.2 which is related to and created from that Member's Interest.

9.3 Status of Transferee in Violation of this Article IX. Notwithstanding the provisions of Section 9.1, the Company may, with the written consent of a Majority Interest of the Members, consent to treat the transferee of a Membership Interest transferred in violation of this Article IX as an Economic Interest Owner, which consent shall be upon and subject to the terms set forth in the Company's consent.

9.4 Liability of Transferring Member. In the event that a Member transfers the Economic Interest associated with his or her Membership Interest, but otherwise retains his or her Membership Interest, such Member shall remain obligated as a Member under this Operating Agreement, including, but not limited to, the responsibility for all Capital Contributions and Additional Capital Contributions required under this Operating Agreement and voting rights.

9.5 Restriction on Transfer of Economic Interest. Except as provided in Section 9.3, an Economic Interest in the Company may not be transferred or encumbered without the written consent of a Majority Interest of the Members, and any transfer or encumbrance in violation of this Section 9.5 shall be subject to all restrictions and rights of the other Members as are applicable in the event of a transfer or encumbrance of a Membership Interest; provided, however, that this prohibition shall not apply if the Economic Interest is transferred to a Member.

ARTICLE X
BANKRUPTCY, DEATH, DISSOLUTION, WITHDRAWAL OR RESIGNATION OF A MEMBER

10.1 Bankruptcy, Divorce, Death, Dissolution, Withdrawal or Resignation of a Member. The following events shall be referred to as a "Triggering Event": the filing of a bankruptcy petition or divorce petition against a Member, a Member's death or dissolution, a default by a Member pursuant to Section 3.2, or receipt by the Company of notice of a Member's withdrawal or resignation (which Member is to be referred to as the "Selling Party"). Upon the happening of a Triggering Event, the Company shall automatically continue unless the remaining Members within 60 days after the Triggering Event unanimously elect to terminate the Company. A Triggering Event with respect to an Economic Interest Owner shall not terminate the Company. In the event that the business of the Company continues, the remaining Members shall have the option to purchase the Selling Party's Membership Interest in the Company for a ninety (90) day period after the Triggering Event. Each remaining Member's right to purchase shall be on a pro rata basis. If a Member or Members decide not to participate in the purchase of the interest of the Selling Party, the Member or Members electing to purchase may acquire the interest of the Selling Party on a pro rata basis for an additional thirty (30) days after the expiration of the initial ninety (90) day period. The option to purchase shall not be applicable if the interest of the Selling Party automatically passes to another Member. The purchase price shall be determined under Section 10.2 herein. In the event that the Selling Party's Membership Interest is not purchased pursuant to this Section 10.1, then the Membership Interest of the Selling Party shall be converted to and become an Economic Interest and the successors of the Selling Party shall be Economic Interest Owners of such Economic Interest, and may become Members if all other Members consent in writing. The occurrence of a Triggering Event shall not entitle the Selling Party, or the successor of the Selling Party, to receive any distribution from the Company except in accordance with the terms of this Operating Agreement; specifically neither such Selling Party nor their successors shall be entitled to receive the fair value of their Membership Interest until the dissolution and termination of the Company in accordance with Article XI of this Agreement. For purposes of exercising the option to purchase under this Operating Agreement, notice of the exercise of the option shall be given to (i) the Selling Party in the event of divorce, withdrawal or resignation of the Member, (ii) to the bankruptcy trustee of a Member who files bankruptcy, or (iii) to the personal representative of a Member who dies. The notice shall be given within the times set forth in this Section 10.1 and closing shall occur upon the earlier of (i) the date set forth in the notice or (ii) one hundred twenty (120) days after the occurrence of the Triggering Event. The notice shall designate the time and place of closing.

10.2 Purchase Price. Unless otherwise agreed, the purchase price to be determined for purposes of Section 10.1 herein shall be the higher of a Member's net investment in the Company or the price annually agreed upon Members who collectively own a Majority Interest of the Company's Membership Interests and identified on **Exhibit A** attached hereto. If no price is identified on **Exhibit A** or if the price so determined is more than one year old, then said price shall be deemed to be zero for purposes of determining the higher of the prices to be paid. For purposes of this Agreement "net investment" shall be the **greater of** the following three amounts:

a. Capital contributions of a Member less any cash distributions made in retirement of said contributions;

b. A Member's positive Capital Account balance after adjustments provided in Sections 4.2, 4.4 and 4.6, as applicable; or

c. Ninety percent (90%) of the fair market value of the property of the Company as determined in accordance with an appraisal of the assets of the Company, less any debts of the Company multiplied by the Membership Interest of the applicable Member. The appraisal shall be obtained by the Company within a reasonable period of time following the Company's notice of the triggering event.

10.3 Payment of Purchase Price. Payment of the purchase price shall be made by (i) the payment of **twenty-five percent (25%)** of the purchase price being paid at closing in cash or certified funds, and (ii) delivery of the purchaser's promissory note for the balance of the purchase price, payable in equal quarter-annual installments, including principal and interest on unpaid balances at the rate hereinafter specified over **five (5)** years from date of closing. The note shall contain the customary provisions, including but not limited to acceleration on default and payment of collection costs (including reasonable attorneys' fees) on default, and shall provide that prepayment may be made at any time without penalty. The interest rate for such note shall be the prime rate published by The Wall Street Journal, plus two percent (2%) per annum. However, if the interest rate exceeds the maximum legal rate of interest, then interest shall accrue at the maximum legal rate.

10.4 Miscellaneous. Nothing in this Article X shall prohibit the Members or the Company from structuring the retirement of a Selling Member's interest in the Company in a manner different from the one set forth herein, provided Members owning a Majority Interest of the Company's Membership Interests agree to such a modification.

ARTICLE XI DISSOLUTION AND TERMINATION

11.1 Winding Up Upon Dissolution. In the event of a dissolution of the Company, the Members shall immediately commence to liquidate the Company and its property and to convert the same to cash or cash equivalents and to wind up the Company's affairs. The Members, during liquidation and winding up, shall continue to share Company Net Profits and Net Losses and all Company income, gain, loss, deductions and credits and all items thereof in accordance with their respective Membership Interests as provided in Article 4.3 herein. The proceeds from liquidation of the Company property shall be applied in the following order of priority:

a. To debts and liabilities of the Company, other than debts owed to Members and Economic Interest Owners who are creditors of the Company.

b. To debts and liabilities of the Company which are owed to Members and Economic Interest Owners who are creditors of the Company (other than debts owed for

distributions to Members and Economic Interest Owners with respect to their Membership Interests and Economic Interests).

c. To the reasonable debts and expenses of liquidating the Company and its property and winding up the Company's affairs, including any reasonable compensation to be paid to the Members who participate and assist in liquidating the Company and its property or winding up the Company's affairs.

d. To the setting up of such Reserves, if any, for contingent liabilities of the Company, with the amount of such Reserves to be reasonably determined by a Majority Interest of the remaining or non-defaulting Members.

e. To be distributed to the Members and Economic Interest Owners in satisfaction and return of their Capital Contributions (less any deficiency and interest of a defaulting Member under Section 3.2 herein).

f. To be divided among the Members and Economic Interest Owners in accordance with their respective Membership Interests.

ARTICLE XII MEETINGS OF MEMBERS

12.1 Regular Meetings. An annual meeting of the Members may be held with notice (unless waived) as provided under the Colorado Act on a date and at a place and time acceptable to a Majority Interest of the Members.

12.2 Special Meeting. Special meetings of the Members may be called by or at the request of the Manager or any one of the Members. Special meetings shall be held at the date and time specified in the notice.

12.3 Notice. Written notice of any regular and special meetings shall be given as required by the Colorado Act. If notice is given by mail, such notice shall be deemed to be delivered when deposited, in the United States first class mail, in a sealed envelope so addressed, with postage thereon prepaid. Any Member may waive notice of any meeting. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. The business to be transacted at, and the purpose of, any regular or special meeting of the Members shall be specified in the notice or waiver of notice of such meeting. Unless the Majority Interest of Members otherwise consent, all special and regular meetings of the Members shall be at the principal offices of the Company.

12.4 Quorum. Members holding at least a Majority Interest of the Company shall constitute a quorum for the transaction of business at any meeting of the Members. Unless otherwise required by this Operating Agreement or the Colorado Act, the majority of the Membership Interests at the meeting at which a quorum is present shall be required to pass any matter for which a vote is taken.

12.5 Informal Action. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if 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.

12.6 Proxies. A Member may be present at a meeting represented by a Person holding a written proxy from the Member so represented. The proxy holder may vote at such meeting in the same manner as the Member. Unless otherwise provided in the proxy, the proxy shall expire eleven months after the date of the proxy.

ARTICLE XIII BUY/SELL PROVISIONS

13.1 Mutual Right to Purchase. Notwithstanding any other provision of this Agreement to the contrary, at any time during the term of this Agreement, any Member ("Offeror") may make a written offer to purchase all (and not less than all) of the Membership Interest of any other Member ("Offeree") which offer shall set forth the amount the Offeror is willing to pay the Offeree for all of the Offeree's right, title, and interest in and to the Company and his or her Membership Interest (the "Purchase Price"). The Purchase Price must offer to purchase the Membership Interest and all right, title, and interest of the Offeree in the Company for a lump sum payment in cash or certified funds and must also refinance, without liability of the Offeree, any and all indebtedness and other obligations of and to the Company for which the Offeree is directly or indirectly liable and any and all guarantees, accommodations, or suretyships associated with any and all indebtedness and other obligations of and to the Company for which the Offeree is directly or indirectly liable. In the event that the offer does not meet the strict requirements in this Article XIII, then neither this Article XIII nor the offer shall be of any force or effect unless the Offeree, in writing, shall elect to be bound by such offer. Provided there has been strict compliance with this Article XIII, the Offeree shall be deemed to have accepted the Offeror's offer unless, within forty-five (45) days (the "Period") after such written offer has been delivered to the Offeree, the Offeree shall have elected in writing to purchase all (and not less than all), of the Offeror's right, title, and interest in the Company and the Membership Interest of the Offeror for the Purchase Price, proportionately increased or decreased, as the case may be, to the extent that the Offeror's ratio of Membership Interest at the time of the offer is greater or lesser than the Offeree's ratio of Membership Interest at the time and indemnify the Offeror as set forth above. If the Offeree shall so elect to purchase the Offeror's interest as provided in the preceding sentence, the Offeror shall have no further right to make any offer or counter-offer to the Offeree and shall be obligated to sell the Offeror's interest to the Offeree pursuant to the Offeree's written offer.

13.2 Closing Date. The closing of the sale of a Membership Interest pursuant to this Article XIII shall be held at the principal place of business of the Company set forth in Section 1.2 on a date designated by the purchasing Member, which shall be no fewer than ten (10) nor more than sixty (60) days after the end of the Period.

13.3 Closing. At the closing, the selling Member shall assign in writing to the purchasing Member all of the selling Member's right, title, and interest in and to the Company

and his or her Membership Interest free and clear of all liens, claims, and encumbrances and, at the request of the purchasing Member, execute all other documents as may reasonably be deemed necessary by the purchasing Member's counsel to vest in the purchasing Member all of the selling Member's right, title, and interest in the Company and in and to his or her Membership Interest. Concurrently, the purchasing Member shall pay to the selling Member the Purchase Price, adjusted as described above, if necessary, and re-affirm in writing the indemnity set forth in the offer as provided in Section 13.1. After the closing the selling Member shall be deemed no longer to be a party to this Agreement for any purpose nor a Member of the Company.

13.4 Default. In the event of a default by either the purchasing Member or the selling Member under this Article XIII, the nondefaulting party shall have available all rights and remedies at law or in equity, to include the right of specific performance.

13.5 No Covenant Not to Compete. In the event of a sale as described in this Article XIII, unless agreed to the contrary in writing between the purchasing Member and the selling Member, nothing contained herein shall imply or infer any conditions of a "covenant not to compete" upon the selling Member.

13.6 Assignment. If the purchasing Member and the selling Member are the only Members of the Company, then the purchasing Member shall have the right to assign his or her rights to purchase the selling Member's Membership Interest to another Person; provided that the purchasing Member shall remain liable for the payment of the Purchase Price and for the indemnity obligations to the selling Member.

13.7 Relationship Between Article XIII and Other Provisions of Operating Agreement. The following rules shall apply related to the utilization of the provisions of this Article XIII and other provisions of this Operating Agreement:

a. If there is a sale or attempted sale of a Membership Interest in violation of Section 9.1 of this Agreement, the non-selling Member(s) shall have the option to either exercise the rights set forth in Section 9.1 or the rights set forth in this Article XIII.

b. If a Member dies, then the provisions of Article X shall control, and the surviving Member(s) shall not have the right to exercise the rights set forth in this Article XIII as to the Membership Interest of the deceased Member.

c. If a Member files bankruptcy, divorces or resigns or withdraws from the Company, the other Member(s) shall have the option to either exercise the rights set forth in Section 10.1 or the rights set forth in this Article XIII. Unless the Majority Interest of Members otherwise consent, all special and regular meetings of the Members shall be at the principal offices of the Company.

ARTICLE XIV GENERAL PROVISIONS

14.1 Entire Agreement. This Operating Agreement contains the entire agreement among the Members concerning the Company and supersedes all prior negotiations, understandings or agreements in regard thereto.

14.2 Applicable Law. This Operating Agreement shall be construed in accordance with and governed by the laws of the State of Colorado.

14.3 Successors and Assigns. Except as set forth herein, this Operating Agreement shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of the Members.

14.4 Notices. All notices and other communications under this Operating Agreement shall be in writing and shall be sufficiently given if personally delivered to the addressee or, if mailed, postage prepaid, to the addressee at his, her or its address as follows:

Donald D. Cannella
1826 La Bellezza Grove
Colorado Springs, CO 80919

Larsen Land Holdings, LLC
2180 Rocking Horse Court
Colorado Springs, CO 80921
Attn: Maria Larsen

The address of a Member may be changed in the manner required in this Section for the giving of notice.

14.5 Amendments. This Operating Agreement shall not be amended, modified, restated or extended except by the written agreement of Members owning a Majority Interest of the Company's Membership Interests. Notwithstanding the above, the Manager shall not be entitled to amend the Agreement in a manner to effect the Economic Interests without the approval of not less than seventy five percent (75%) of the Membership Interest in the Company, but is otherwise entitled to make amendments to the Agreement.

14.6 Severability. If any clause or provision of this Operating Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable under applicable present or future laws effective during the term of this Operating Agreement, then and in that event, it is the intention of the Members that the remainder of this Operating Agreement shall not be affected thereby. It is also the intention of the Members that, in lieu of each clause or provision of this Operating Agreement that is so determined to be illegal, invalid or unenforceable, there be added as a part of this Operating Agreement a clause or provision as

similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and yet be legal, valid and enforceable.

14.7 Section Headings. The section headings herein are for the convenience of reference and shall not be deemed to affect or alter any provision herein.

14.8 Pronouns, Singular. Any reference to his, her or its shall be a reference to each pronoun as the circumstance and context deem appropriate. Any reference to the singular or plural shall be a reference to the other as the circumstances and context deem appropriate.

14.9 Colorado Act. Except as otherwise provided herein, the terms of this Operating Agreement shall be governed by the Colorado Act and any items not addressed in this Operating Agreement will be governed by the Colorado Act as if written herein, except to the extent such provision of the Colorado Act is contrary to the express terms of this Operating Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement effective as of the day and year first above written.



Donald D. Cannella

Larsen Land Holdings, LLC, a Colorado limited liability company



Maria Larsen, manager

EXHIBIT A

The undersigned Members agree that the purchase price of each Members' Membership Interest in the Company, **Monument Ridge East, LLC**, a Colorado limited liability company, pursuant to Paragraph 10.2 of the Operating Agreement, shall be as follows:

Date of Agreement	Purchase Price For a 1% Interest	Initials of Member
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____
_____	_____	____/____/____

NOTE: The purchase price as determined should be multiplied by the total Membership Interest of the Member to arrive at the total purchase price of said Member's Membership Interest.