

BYLAWS OF:

PRAIRIE RIDGE HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1 - INTRODUCTION

The following are the Bylaws of the Prairie Ridge Homeowners Association, Inc. (the "Association"), operating under the Colorado Revised Nonprofit Corporation Act, as amended (the "CRNCA"), and to the limited extent applicable, the Colorado Common Interest Ownership Act, as amended (the "Act"). Terms used herein shall have the meaning set forth in the protective Covenants recorded against and applicable to the Prairie Ridge subdivision ("Prairie Ridge"), as recorded in the records of the El Paso County Clerk and Recorder at Reception No. _____, and in the Act.

ARTICLE 2 - EXECUTIVE BOARD

2.1 Number. The affairs of the Association shall be governed by a Board of Directors, otherwise referred to herein as the Executive Board, who shall be the policy-making body. The initial Executive Board shall consist of one (1) member, whose names and addresses are set forth in the Articles of Incorporation. Only Owners, eligible to vote and otherwise in good standing, may be elected or appointed to fill a vacancy on the Executive Board; provided, however, Declarant shall have the right to appoint members of the Executive Board and to have members remain on the Executive Board as provided in the Declaration of Covenants and the Act, and such Board members need not be Owners. The number of members of the Executive Board may be increased or decreased by amendment of these Bylaws; provided, however, after the initial Executive Board, the number must be an odd number. In the case where the Board is increased and through removal or resignation, the total number of Executive Board members is less than three (3), the Executive Board will be considered properly constituted until such vacancies are filled.

(a) The Covenants shall govern appointment of members of the Executive Board during the period of Declarant Control.

(b) Upon termination of the period of Declarant Control, the terms of the members of the Executive Board elected by the Owners shall be staggered so that one (1) member shall be elected to serve a one (1) year term, and the remainder shall be elected to serve two (2) year terms. At the expiration of the initial term of office for each respective member of the Executive Board, his or her successor shall be elected to serve a term of two (2) years.

(c) At any time after Owners, other than the Declarant, are entitled to elect a member of the Executive Board, the Association shall call a meeting and shall give not less than ten (10) nor more than fifty (50) days' notice to the Owners for this purpose. This meeting may be called and the notice given by any Owner if the Association fails to do so.

(d) Each Executive Board member shall hold office until the election and

qualification of his or her successor. At any meeting at which the Executive Board is to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the CRNCA for conducting the elections.

2.2 Qualifications. Each Executive Board member, except as to members of the Board appointed by the Declarant, shall be an Owner and a member of the Association, eligible to vote and otherwise in good standing (or officer, owner, director, manager, member, employee or representative of an Owner if an Owner is a legal entity).

2.3 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Covenants, these Bylaws or the Act. Subject to the limitations contained in the Covenants and the Act (and subject to the reasonably prudent business judgment of each Executive Board member) the Executive Board shall have all the powers and duties necessary for the administration of the affairs of the Association and of the Subdivision, including the following specific powers and duties:

- (a) Adopt and amend Bylaws and Rules.
- (b) Adopt and amend budgets for revenues, expenditures, and reserves.
- (c) Levy and collect Assessments (as that term is further defined by and utilized within the Covenants) from Owners.
- (d) Suspend the Voting Rights allocated to a Lot Owner, and the right of such an Owner to cast such vote, or by proxy the vote of another, during any period in which such Owner is in default in the payment of any Assessment, or, after notice and an opportunity to be heard, during any time in which an Owner is in violation of any other provision of the Covenants (as further provided therein).
- (e) Hire and discharge a Manager, or operator and to delegate daily operations of the Association to such Manager or operator in accordance with Section 3.1 below.
- (f) Hire and discharge employees, independent contractors and agents, in addition to the Manager.
- (g) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Covenants in the Association's name, on behalf of the Association or on behalf of two or more Lot Owners in matters affecting the Subdivision.
- (h) Make contracts and incur liabilities.
- (i) Regulate the use, maintenance, repair, replacement and modification of all real and personal property within the Subdivision owned or controlled by the Association, and otherwise enforce the terms and conditions of the Covenants.
- (j) Cause additional improvements to be made to the Common Areas of

the Subdivision as owned or controlled by the Association, consistent with the Covenants.

(k) Acquire, hold, encumber, and convey, in the Association's name, any right, title or interest to real estate or personal property (but Common Elements may only be conveyed or subjected to a security interest pursuant to the Covenants and the Act).

(l) Grant easements for any period of time, including permanent easements, grant leases, licenses and concessions, through or over the Common Elements, to the extent consistent with the Covenants.

(m) Impose and receive, on behalf of the Association, a payment, fee or charge: (i) for services provided to Lot Owners, and (ii) for the use, rental or operation of the Common Elements.

(n) Establish from time to time, and thereafter impose, charges for late payment of Assessments or any other sums due and, after notice and an opportunity to be heard, levy a reasonable fine for a violation of the terms and conditions of the Covenants.

(o) Impose a reasonable charge for the preparation and recording of amendments to the Covenants and statements of unpaid Assessments.

(p) Provide for the indemnification of the Association's officers and the Executive Board to the extent provided by law and consistent with the Covenants, provide for the indemnification of committee members to the extent the Executive Board deems just and reasonable, and maintain directors' and officers' liability insurance.

(q) Declare the office of a member of the Executive Board to be vacant in the event such member shall fail to participate in three (3) regular meetings of the Executive Board during any one-year period, without being excused therefrom.

(r) Appoint any committee as required or permitted by the Covenants or these Bylaws, or as may be deemed appropriate by the Executive Board to carry out its purposes and duties, and by resolution, establish committees, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee.

(s) By resolution, set forth policies and procedures which shall be considered incorporated herein by reference as though set forth in full, and which provide for corporate actions and powers which are different than those set forth in the CRNCA but which are permitted by the CRNCA to be "otherwise set forth in the Bylaws". Such resolutions shall be given the same force and effect as if specifically enumerated in these Bylaws, provided otherwise consistent with the Covenants.

(t) Exercise any other powers conferred by the Covenants, the Articles of Incorporation, these Bylaws, the Act, or the CRNCA.

(u) Exercise any other power necessary and proper for the governance and operation of the Association, provided consistent with the Covenants and the limited

powers granted to the Association therein.

(v) Exercise any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association, provided consistent with the Covenants.

2.4 Removal of Executive Board Member. The Lot Owners, by a vote of sixty-seven percent (67%) of all persons present and entitled to vote at any meeting of the Lot Owners may remove any member of the Executive Board, with or without cause other than one appointed by the Declarant; provided, however, (i) the notice must state that removal of one or more Board members will be considered at the meeting, and (ii) the Board members who are subject to removal at such a meeting must be given an opportunity to be heard. For purposes of this meeting a quorum of thirty percent (30%) of the Lot Owners shall be required. Any member of the Executive Board appointed by the Declarant during the period of Declarant Control may only be removed by the Declarant. Vacancies created by removal according to this Section 2.4 shall be filled as follows:

(a) As to vacancies of Executive Board members whom Lot Owners other than the Declarant elected, by a majority of the remaining Executive Board; provided, however, if the entire Executive Board is removed at once, an election shall be held immediately thereafter at the same meeting; and,

(b) As to vacancies of Executive Board members whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall serve on the Executive Board for the remainder of the term of the member so replaced.

2.5 Vacancies. Except in the case of removal of an Executive Board member pursuant to Section 2.4 above, vacancies may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the members of the Executive Board present at that meeting may constitute less than a quorum. These appointments shall be made, as to vacancies of Executive Board members, and each person so elected or appointed shall serve on the Executive Board for the remainder of the term of the member so replaced.

2.6 Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Lot Owners shall be held within sixty (60) days after the annual meeting at a time and place to be set by the Executive Board at the meeting at which the Executive Board shall have been elected. No notice shall be necessary to the newly elected Executive Board in order to legally constitute such meeting, provided a majority of the Executive Board members are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

2.7 Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of its members on at least three (3) business days' notice to each member.

2.8 Quorum – Actions of the Executive Board. A majority of the total number of Executive Board members who are present shall constitute a quorum for all meetings and consents. Unless otherwise determined by a vote of the Executive Board as to a particular issue, a majority vote of those present, constitutes a valid corporate action. For purposes of this Article 2, the term “present” shall include attendance in person, by proxy (to the fullest extent provided by the CRNCA), or in any manner provided in Section 2.12, below.

2.9 Location of Meetings. All meetings of the Executive Board shall be held either (i) within the State of Colorado, unless all members thereof consent in writing to another location, or (ii) in such a manner as to permit discussions and deliberations via telephonic means or communications via “real time” e-mail or similar electronic virtual meeting means.

2.10 Waiver of Notice. Any Executive Board member may waive notice of any meeting in writing. Attendance by an Executive Board member at any meeting of the Executive Board shall constitute a waiver of notice. If all the members of the Executive Board are present at any meeting (participating in a meeting through any means authorized by these Bylaws), no notice shall be required, and any business may be transacted at such meeting.

2.11 Consent to Corporate Action. If a majority of the Executive Board or members of a committee established by the Board, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of members of the Executive Board or of the committee constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

2.12 Types of Communication in Lieu of Attendance. Any member of the Executive Board may attend a meeting of the Executive Board by: (i) using an electronic or telephonic communication method whereby the member may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board; or (ii) by participating in “real time” e-mail communication when all Board members are participating in this form of communication. The vote of such member shall be counted and the presence noted as if that member was present in person on that particular matter.

2.13 Compensation. Except as otherwise provided in this Section 2.13, no member of the Executive Board shall receive any compensation from the Association for acting as such, however, members of the Executive Board may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Executive Board members. Nothing herein shall prohibit the Association from compensating a member of the Executive Board, or any entity with which an Executive Board member is affiliated, for services or supplies furnished to the Association in a capacity other than as an Executive Board member pursuant to a contract or agreement with the Association, provided that such Executive Board member's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Executive Board, excluding the interested member of the Executive Board.

2.14 Communication – Fostering Responsible Governance. In furtherance of fostering communications, the Association may provide periodic community forums for the purpose of seeking input from the Lot Owners. Such a meeting shall not constitute a formal meeting of the Executive Board, nor of the Lot Owners, but may be held in conjunction with regular and special meetings of the Board and/or Lot Owners. Additionally, the Association may establish a web site or other method of publication which shall have the following minimum information posted, and available only to its members.

(a) All current versions of the Governing Documents (defined as Covenants, Bylaws, Articles of Incorporation, Policies and Procedures, Rules, and Architectural Control or Design Guidelines);

(b) Duly adopted minutes of the Executive Board and Lot Owner meetings since the Association was formed, or for the past two years, whichever is less;

(c) Annual budgets and financial statements (including any audited or reviewed financial statements) for the past two years;

(d) A list of maintenance obligations of the Association and of the Lot Owner(s);

(e) Contact information for the Manager and members of the Executive Board (e.g. name, street and e-mail addresses, phone numbers); and

(f) Any other information the Board deems useful for the Association's members.

ARTICLE 3 - MANAGER; TRANSITION AND NOMINATING COMMITTEES

3.1 Manager. The Executive Board shall employ a Manager for the Subdivision, if necessary in the discretion of the Executive Board, at a fair market compensation established by the Executive Board, to perform duties and services authorized by the Executive Board.

(a) The Executive Board may delegate to the Manager only the powers granted to the Executive Board by these Bylaws under Section 2.3(c), (f), (g), (h), (i), and (j), and powers necessarily associated therewith;

(b) Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

(c) In accordance with Section 307(3)(a) of the Act, the Executive Board shall require: (i) that the Manager shall maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Executive Board may require and; (ii) that the Manager shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the

Manager, if any, and maintain all reserve accounts of each other association so managed separately from operational accounts of the Association; and (iii) that an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the Manager, a public accountant, or a certified public accountant and that a review or an audit be completed by a certified public accountant at least every three years.

(d) Such Manager may be an individual or an employee of a management company, or may be a professional management company, with such qualifications and expertise that the Board shall determine.

ARTICLE 4 - OWNERS

4.1 Meetings of the Lot Owners. The following types of "meetings" (as that term is used in the CRNCA) shall be or may be held, as provided below.

(a) Annual Meetings of Lot Owners. There shall be an Annual Meeting of Owners which shall be held on such date and at such time and place as is set forth in the notice. At the Annual Meeting, the Executive Board shall be elected in accordance with the provisions of Article 2 of these Bylaws. The Lot Owners may transact other business as may properly come before them at these meetings.

(b) Special Meetings. Requests that a special meeting of the Association be called may be made by the president, by a majority of the members of the Executive Board or by a written instrument signed by Lot Owners comprising ten percent (10%) of the votes in the Association, and shall be delivered to the Secretary. Only the items listed in the notice of the special meeting may properly come before the Lot Owners at special meetings.

(c) Meeting to Approve Annual Budget. At the annual meeting of the Association or at a special meeting of the Association called for such purpose, the Lot Owners shall be afforded the opportunity to veto a budget of the projected revenues, expenditures and reserves for the Association's next fiscal year as proposed by the Executive Board. A summary of the proposed budget approved by the Executive Board shall be mailed to the Lot Owners within ninety (90) days after its adoption along with a notice of a meeting of the Association to be held not less than ten (10) nor more than fifty (50) days after mailing of the summary to the Lot Owners (or, in the alternative, together with a ballot and information sufficient to satisfy the provisions of Section 4.10 below). Unless sixty-seven percent (67%) of all Lot Owners veto the proposed budget, the budget is ratified. There are no quorum requirements for this meeting. In the event the proposed budget is vetoed, the budget last proposed and not vetoed by sixty-seven percent (67%) of the Lot Owners continues until such time as a new budget is presented and not vetoed by sixty-seven percent (67%) of the Lot Owners.

4.2 Place of Meetings. Meetings of the Lot Owners shall be held within the El Paso County, and may be adjourned to a suitable place convenient to the Lot Owners, as may be designated by the Executive Board or the president.

4.3 Notice of Meetings. Except as otherwise set forth in Subsection 4.1(c), the secretary shall cause notice of all meetings of the Lot Owners set forth in Section 4.1 to be hand-delivered, sent via a nationally recognized over-night or express delivery service, or sent prepaid by United States mail directed to the mailing address of each Lot or to the mailing address designated in writing by the Lot Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. The date notice is sent shall be the date received by the recipient or three days after placing the notice in the United States mail. No action shall be adopted at a special meeting except as stated in the notice.

4.4 Adjournment of Meeting. At any meeting of Lot Owners, a vote of the majority of voting rights may adjourn the meeting to another time.

4.5 Order of Business. The order of business at all meetings of the Lot Owners shall be as set forth in the written meeting agenda available at the beginning of each meeting.

4.6 Voting. Voting shall be cast pursuant to the rights granted in the Covenants. No fractional votes may be cast.

(a) The vote of a corporation or limited liability company who may be an Lot Owner may be cast by an officer of that corporation or by the manager of the limited liability company in the absence of express notice of the designation of a specific person by such Lot Owner's governing body, members, manager, operating agreement or bylaws. The vote of a limited liability limited partnership or a limited partnership may be cast by the general partner (or, in the absence of a written notification of a particular partner, by any general partner if there is more than one general partner). The vote of a general partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The individual presiding at the meeting may require reasonable evidence that a person voting on behalf of a Lot Owner who is a corporation, limited liability company, limited liability limited partnership, limited partnership, general partnership or any other type of entity recognized by Colorado law is qualified to vote.

(b) The Voting Rights allocated to a Lot owned by the Association, if any, may not be cast.

4.7 Proxies. The Voting Rights allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. A Lot Owner may revoke a proxy given under this section only by written notice of revocation delivered to the person presiding over a meeting of the Association, or the attendance at the meeting of the person providing the proxy. A proxy is void if it is not dated or purports to be revocable without notice. A proxy must be received by the Association's manager or an officer of the Board no later than 11:59 p.m. the day before the meeting date. A proxy terminates eleven months (11 months) after its date, unless it specifies a shorter term. The Executive Board may establish reasonable policies concerning the form and use of proxies.

4.8 Quorum. Except as otherwise provided in these Bylaws, the Lot Owners present at any meeting of Lot Owners, representing thirty percent (30%) of the total Voting

Rights in the Association, shall constitute a quorum at that meeting. For purposes of this Article 4, the term “present” shall include attendance in person, by proxy, via telephonic or other electronic means, via “real time” e-mail or, in the case of written ballots, by providing written response on or before the date responses are due as set forth in the written ballot. Only Lot Owners eligible to vote may cast proxies for other Lot Owners and only Lot Owners eligible to vote may be considered “present”.

4.9 Majority Vote. The term “Majority Vote” shall mean the vote of a majority of the Lot Owners (*i.e.* the Voting Rights allocated to that Lot) who are present and shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Covenants, these Bylaws or the Act.

4.10 Voting by Mail. The Executive Board may decide that voting of the Lot Owners on any matter required or permitted by the statutes of Colorado, the Covenants, the Articles of Incorporation, or these Bylaws shall be by written ballot. Pursuant to the CRNCA, any action that may be taken at any annual, regular, or special meeting of Lot Owners may be taken without a meeting if the secretary delivers a written ballot to every member entitled to vote on the matter. “Delivery” to the Lot Owner of the ballot, and the Lot Owner's return of the completed ballot shall be made by the same methods available for providing notice to a member set forth in Section 4.3, above.

(a) A written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than the election of members of the Executive Board; (iii) specify the time by which a ballot must be received by the Association in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

(d) A written ballot, once received by the Association, may not be revoked, unless the Lot Owner casting the written ballot appears in person at a meeting convened to consider any one or more of the matters on the ballot.

ARTICLE 5 - OFFICERS

5.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be

vacant. All officers must be members of the Executive Board. All members of the Executive Board vote, regardless of the office he or she may hold.

5.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organization meeting of each new Executive Board. Each officer who is also a member of the Executive Board shall cast one vote.

5.3 Resignation and Removal of Officers. Upon the affirmative vote of a majority of the Executive Board, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose. Any officer may resign at any time by giving written notice to the president or secretary.

5.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Lot Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Covenants and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

5.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint another of its members to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

5.6 Secretary. The secretary shall keep the minutes of all meetings of the Owners and the Executive Board. The secretary shall have the charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Covenants and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

5.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Except

for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they are deposited, by check or order, authorized by the treasurer, and executed by two members of the Executive Board, one of whom may be the treasurer.

5.8 Execution of Instruments. Except as provided in Sections 5.4, 5.6, 5.7 and 5.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

5.9 Statements of Unpaid Assessments. The treasurer, the Manager or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316 of the Act. The amount of the fee for preparing statements of unpaid Assessments and the time of payment shall be established by resolution of the Executive Board working in cooperation with, and with the advice of, the Manager, if applicable. Any unpaid fees may be assessed as a Common Expense Assessment against the Lot for which the certificate or statement is furnished.

ARTICLE 6 - ENFORCEMENT

6.1 Abatement and Enjoinment of Violations by Lot Owners. The violation of any provision of the Governing Documents shall give the Executive Board the right, in addition to any other rights set forth in the Governing Documents, after notice and an opportunity to be heard:

(a) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

6.2 Fines for Violations. The Executive Board may adopt resolutions providing for fines or other monetary penalties for the infraction of its Rules or of the Covenants. Fines will be levied after notice thereof and an opportunity to be heard. The Executive Board may levy fines in amounts that it, in its sole and reasonable discretion, shall determine to be reasonable for each such violation, including those violations which persist after notice and an opportunity for a hearing is given.

ARTICLE 7 - INDEMNIFICATION

7.1 Actions by the Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a member of the Executive Board or officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including

expert witness fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful. Such liability shall be satisfied within thirty (30) days after request therefore if there exists adequate operating funds but, if not, the funds shall be raised by a special assessment of the Lot Owners as quickly as possible, without the need of Lot Owners' approval.

7.2 Actions by or in the Right of the Association. The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a member of the Executive Board or officer of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence, recklessness, or willful misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

7.3 Successful on the Merits. To the extent that a member of the Executive Board or any manager, officer, project manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Sections 7.1 or 7.2 of this Article 7, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection therewith.

7.4 Determination Required. Any indemnification under Sections 7.1 or 7.2 of this Article 7 (unless ordered by a court) and as distinguished from Section 7.3 of this Article 7, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the member of the Executive Board or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth in Sections 7.1 or 7.2 above. Such determination shall be made by the Executive Board by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if a majority of disinterested members of the Executive Board so directs, by independent legal counsel or by members entitled to vote thereon. Such determination shall be reasonable, based on substantial evidence of

record, and supported by a written opinion. The Executive Board shall provide a copy of its written opinion to the officer or Executive Board member seeking indemnification upon request.

7.5 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current member of the Executive Board or officer who is a party to a proceeding in advance of final disposition of the proceeding if: (i) the member of the Executive Board or officer furnishes to the Association a written affirmation of the Executive Board member's good faith belief that he or she has met the standard of conduct described in Sections 7.1 or 7.2 of this Article 7; (ii) the Executive Board member or officer furnishes to the Association a written understanding, executed personally or on the Executive Board member's or officer's behalf to repay the advance if it is ultimately determined that the Executive Board member or officer did not meet the standard of conduct; and (iii) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. The undertaking required in this Section 7.5 shall be an unlimited general obligation of the Executive Board but need not be accepted by the Executive Board member or officer or may be accepted without reference to financial ability to make repayment.

7.6 No Limitation of Rights. The indemnification provided by this Article 7 shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Executive Board, or otherwise, nor by any rights which are granted pursuant to the Act and the CRNCA. Upon a vote of the Executive Board, the Association may also indemnify a member appointed by the Executive Board to serve on a committee (when such committee member is not also a member of the Executive Board) upon such terms and conditions as the Executive Board shall deem just and reasonable.

7.7 Directors and Officers Insurance. The Association shall purchase and maintain insurance on behalf of any person who is or was a member of the Executive Board or an officer of the Association or, in the Board's discretion, a member of a committee against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article 7.

ARTICLE 8 - RECORDS

8.1 Audits. The Association shall maintain financial records. The cost of any audit or review shall be a Common Expense unless otherwise provided in the Covenants. An audit or review shall be done no less often than every three years, unless otherwise provided for in the Covenants or as determined by the Executive Board.

8.2 Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Owner or by any of their duly authorized representatives, at the expense of the person examining the records, during normal business hours and after reasonable notice in accordance with the CRNCA and the Act.

8.3 Records. The Association shall keep the following records:

(a) An account for each Lot, which shall designate the name and address of each Lot Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, the amount of each Assessment, the dates on which each Assessment comes due, the amounts paid on the account and the balance due;

(b) The current operating budget;

(c) A record of insurance coverage provided for the benefit of Lot Owners and the Association for the immediately preceding three years;

(d) Tax returns for state and federal income taxation for the preceding seven years;

(e) Minutes of proceedings of incorporators, Lot Owners, Executive Board and its committees (including written consents), and waivers of notice;

(f) A copy of the most current version of the Articles of Incorporation, Covenants, these Bylaws, Rules, and resolutions of the Executive Board, along with their exhibits and schedules;

(g) All written communications to Lot Owners (which communications shall only be made available to the Lot Owner with whom the Association has communicated);

(h) A list of the names and business or home addresses of the current members of the Executive Board and officers;

(i) A copy of the Association's most recent corporate report filed with the secretary of state in accordance with the CRNCA; and

(j) Such other records the Executive Board shall determine from time to time are necessary or desirable.

ARTICLE 9 - MISCELLANEOUS

9.1 Notices. All notices to the Association or the Executive Board shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Lot Owners. Except as otherwise provided, all notices to any Lot Owner shall be sent to the Lot Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when deposited into the United States mail, first class postage prepaid, except notices of changes of address, which shall be deemed to have been given when received.

9.2 Fiscal Year. Unless later modified by the Executive Board, the Association's

fiscal year shall be January 1st through December 31st.

9.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

9.4 Office. The principal office of the Association shall be at such place as the Executive Board may from time to time designate.

9.5 Reserves. As a part of the adoption of the regular annual budget the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the expansion, modification or replacement of improvements to the Common Elements based upon the age, remaining life and the quantity and replacement cost of improvements to the Common Elements, as well as for future construction of water well(s) and associated infrastructure necessary for post pumping depletion replacement consistent with the terms and conditions of the Plan for Augmentation decreed in Case No. 06CW100, Water Division No. 1, governing water use within the Subdivision.

9.6 Audio and Video Recording Prohibited. Records of all meetings shall be by minutes duly approved by the Lot Owners or the Executive Board, as the case may be. Accordingly, both audio and video recording of meetings is prohibited.

9.7 Conflict of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Covenants and these Bylaws, the Covenants shall control; in the case of any conflict between the Articles of Incorporation and the Covenants, the Covenants shall control.

ARTICLE 10 - AMENDMENT OF BYLAWS

10.1 Vote. These Bylaws may be amended only by vote of the Executive Board.

10.2 Rights of Mortgagees. No amendment of these Bylaws of the Association shall be adopted which would: (i) affect or impair the validity or priority of any Mortgage; or (ii) change the provisions of these Bylaws with respect to First Mortgagees; or (iii) effect any provisions for the benefit of Mortgagees as set forth in the Covenants.

The undersigned have hereunto set their hands this 2nd day of November, 2022.

EXECUTIVE BOARD:

A handwritten signature in black ink, appearing to read 'Alexander Kuhnke', is written over a horizontal line.

Alexander Kuhnke, President

KNOW ALL MEN BY THESE PRESENTS: That the undersigned secretary of Prairie Ridge Homeowners Association, Inc. does hereby certify that the above and foregoing Bylaws were duly adopted by the sole member of the Executive Board of said Association, Alexander Kuhnke, as the Bylaws of said Association on the 2nd day of November, 2022, and that they do now constitute the Bylaws of said Association.

A handwritten signature in black ink, appearing to read 'Alexander Kuhnke', written over a horizontal line.

By: Alexander Kuhnke