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Montrose County, CO. Tressa Guynes, Clerk and Recorder

BYLAWS
OF
FALLS AT VALLEY RANCH

ARTICLE I
GENERAL

Section 1.1. Name. The name of the corporation is Falls at Valley Ranch Homeowners Association, Inc. It is a Colorado nonprofit corporation (the "Association").

Section 1.2. Purpose of Bylaws. The purpose for which the Association is formed is to govern the Community, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in the Declaration of Covenants, Conditions and Restrictions for Falls at Valley Ranch, and any amendments and supplements thereto, recorded in the office of the Clerk and Recorder of Montrose County, Colorado "Declaration"), the Plats, the Association's Articles of Incorporation, and any amendments thereto, filed with the Colorado Secretary of State ("Articles of Incorporation"), these Bylaws and any Rules (hereafter collectively the "Governing Documents"). All Members and any other Person who may use the Lots, or any portion thereof, or any facilities or appurtenances thereto or thereon shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Governing Documents. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of the Governing Documents are accepted and shall be complied with.

Section 1.3. Terms Defined in Declaration. Terms which are defined in the Declaration shall have the same meanings in these Bylaws unless such terms are otherwise
defined in these Bylaws.

Section 1.4. Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Act, the Colorado Revised Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation, as any of the foregoing may be amended or supplemented from time to time. In the event of a conflict in the terms of the Declaration and the Articles of Incorporation, the Declaration shall control. In the event of a conflict in the terms of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE II
OFFICES

Section 2.1. Principal Office. The principal office of the Association shall be as determined by the Board of Directors, but meetings of Members and the members of the Board of Directors (each individually a "Director" and collectively the "Directors") may be held at such places within the State of Colorado as may from time to time be designated by the Board of Directors.

Section 2.2. Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered

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

Section 2.3. Registration With Colorado Department of Regulatory Agencies. The Association shall annually register with the Colorado Department of Regulatory Agencies, Division of Real Estate, HOA Information Office and Resource Center, or any replacement of such agency as required by Colorado law.

ARTICLE III
MEMBERS

Section 3.1. Members. A "Member" of the Association is as defined in the Declaration. The Association shall have one class of Members. In these Bylaws, the term "Member" may be used interchangeably with the term "Owner."

Section 3 .2. Memberships Appurtenant to Lots. Each membership shall be appurtenant to the fee title to a Lot. The Owners which have fee title to a Lot shall automatically be the holders of the membership therefor, and the membership shall automatically pass with fee title to the Lot. No Owner may resign his, her or its membership without the conveyance of fee title to the applicable Lot.

Section 3.3. Members Votes. The Owners of each Lot shall be entitled to cast one vote for each Lot owned by the Owner within the Community. The vote of an entity Owner may be cast by any authorized or apparent representative of the entity in the absence of express notice of the designation of a specific person by the governing body of such entity. No Owner is entitled to vote in any matter who is not in Good Standing with the Association.

Section 3.4. Voting by Joint Members. If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners is present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners. There is majority agreement if any one of the multiple Owners casts the vote without protest being made promptly to the Person presiding over the meeting by any of the other Owners of the Lot. In the event that more than one such co-Owner casts a vote, the vote allocated to the Lot shall be suspended and excluded from the final vote tally on the matter on which a vote is being taken.

Section 3.5. Suspension of Voting Rights. No notice or hearing shall be required to suspend voting rights for any Owner who is not in Good Standing. Other than an Owner who is not in Good Standing, the Board may suspend, after notice and hearing as provided herein, the voting rights of an Owner during and for up to 60 days following any violation by such Owner or a Permittee of such Owner of any provision of the Declaration or of any Rule adopted by the Association unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to 60 days thereafter.

Section 3 .6. Transfer of Memberships on Association Books. Transfers of memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the membership is appurtenant. Prior to presentation of such

evidence, the Association may treat the previous Owner of the membership as the Owner of the membership entitled to all rights in connection therewith, including the right to vote and to receive notices.

ARTICLE IV
MEETINGS OF MEMBERS

Section 4.1. Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place as may be fixed by the Board from time to time and specified in the notice of the meeting. Meetings may also be held virtual.

Section 4.2. Annual Meetings of Members. The Association shall conduct meetings of the Members at least once each year on a date and at a time selected by the Board in each year. At each annual meeting, the Members shall elect Directors to fill vacancies in accordance with the provisions of the Declaration and the Articles of Incorporation and conduct such other business as may properly come before the meeting.

Section 4.3. Special Meetings of Members. Special meetings of the Members may be called by the President (hereinafter defined) or a majority of the Directors and shall be called by the President at the request of Members to which not less than twenty percent (20%) of the total votes in the Association are allocated.

Section 4.4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary (hereinafter defined) or person authorized to call the meeting, not less than 10 nor more than 50 days before the date of the meeting, either by hand delivery, electronically or by United States mail, to each Member entitled to vote at such meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration, the Articles of Incorporation, or these Bylaws, any budget changes, and any proposal to remove an officer or Director. Notice shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. Such physical posting is in addition to any electronic posting or electronic mail notices that the Board of Directors may determine to post. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Member at the address of his, her or its Lot or to any other mailing address designated in writing by the Member, with postage thereon prepaid; if delivered, such notice shall be deemed to have been delivered on the date of actual delivery thereof.

Section 4.5. Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 days prior to the meeting of Members or the event requiring a determination of Members.

Section 4.6. Proxies. A Member entitled to vote may vote in person or by proxy executed in writing and dated by the Member or its duly authorized attorney-in-fact and filed with the Secretary of the Association prior to the time the proxy is exercised. A proxy shall automatically cease upon the conveyance of the Member's Lot and the transfer of the membership on the books of the Association. No proxy shall be valid after 11 months from its date. A proxy is void if it is not dated or if it purports to be revocable without notice. Appointment of a proxy is revoked by the person appointing the proxy: (a) attending any meeting and voting in person; or (b) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. A proxy shall not be valid if obtained through fraud or misrepresentation.

Section 4.7. Quorum at Members' Meetings. A quorum is deemed present at a meeting of the Members if persons entitled to cast twenty percent (20%) of the votes of Members who are eligible to vote are present, in person or by proxy, at the beginning of the meeting. A quorum of Members who are present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum.

Section 4.8. Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting.

Section 4.9. Vote Required at Members' Meetings. At any Members' meeting if a quorum is present, in person or by proxy, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater percentage is required by law, the Declaration, the Articles of Incorporation, or these Bylaws; except that in the case of elections of Directors in which there are more candidates than positions to be filled, the person (or persons if there is more than one position to be filled) receiving the highest number of votes cast shall be elected to the longest available term. Votes for contested positions on the Board shall be taken by secret ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the Members who are present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all Members are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Directors and, in the case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to names, addresses, or other identifying information of Owners participating in the vote. No Member is entitled to vote who is not in Good Standing.

Section 4.10. Acceptance or Rejection of Vote, Consent, Ballot, Waiver or Proxy.

a. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary of the Association, or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

b. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 4.10 are not liable in damages for the consequences of the acceptance or rejection.

c. Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation under this Section 4.10 is valid unless a court of competent jurisdiction determines otherwise.

Section 4.11. Member Participation at Meetings. All meetings of the Members are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak

before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

Section 4.12. Cumulative Voting Not Permitted. Cumulative voting by Members is not permitted.

Section 4.13. Order of Business. The order of business at any meeting of Members shall be as follows: (a) proof of notice of meeting or waiver of notice; (b) announcement of a quorum; (c) approval of minutes of preceding meeting; (d) voting with respect to budget adopted by the Board, if applicable at such meeting; (e) election of Directors (at annual meetings or special meetings held for such purpose); and (f) other business.

Section 4.14. Expenses of Meetings. The Association shall bear the expenses of all meetings of Members.

Section 4.15. Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by Members to which a majority of the votes in the Association are allocated and who are entitled to vote with respect to the subject matter thereof. All such writings must be received by the Association within sixty days after the date the earliest dated writing describing and consenting to the action is received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy thereof, including a copy of the signature thereto or other means whereby the writing can be verified to be the action of the Member. Action taken pursuant to this section shall be effective when the last writing necessary to affect the action is received by the Association, unless the writings describing and consenting to the action set forth a different effective date.

Section 4.16. Action by Written Ballot. Any action that may be taken at any annual or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this section 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. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of Directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. In the event the action is for election of Directors, there shall be space on the ballot for write in nominations. Action taken under this section has the same effect as action taken at a meeting of Members and may be described as such in any document.

ARTICLE V
BOARD OF DIRECTORS

Section 5.1. General Powers and Duties of Board of Directors. The Board shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it

to do so, including those set forth in Article VII below. Without limiting the generality of the foregoing, the Board shall have the power to exercise or cause to be exercised all of the powers, rights and authority not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws, the Act or the Colorado Revised Nonprofit Corporation Act.

Section 5.2. Qualifications of Directors. During the Period of Declarant Control, Declarant shall have the power to appoint or remove any Director, and such Director need not be a Member. Except as provided in the preceding sentence, a Director shall be a natural person who is eighteen years of age or older and must be a Member or, if the Member is a limited liability company, partnership, corporation, trust, or other type of entity, then a Director must be an authorized agent of such entity. If a Director conveys or transfers title to his or her Lot, then such Director's term shall immediately terminate, and a new Director shall be selected as promptly as possible to take such Director's place. No Member may serve as a Director if such Member is not in Good Standing with the Association. Any Member, or person who is related by blood, marriage, adoption, or who is a member, manager, shareholder, director, officer, agent, or employee of a Member, who is an adverse party to the Association in any legal proceeding or action shall not be qualified to serve as a Director for the duration of the proceeding. If a Member is not qualified to serve as a Director, the Director's position shall be deemed vacant, and the vacancy may be filled in accordance with Section 5.7 of these Bylaws.

Section 5.3. Number of Directors. The number of Directors of the Association shall be three (3). The number of Directors may be increased or decreased from time to time by amendment to these Bylaws provided that the number of Directors shall not be less than three and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 5.4. Term of Office of Directors.

a. Except as otherwise provided in these Bylaws, during the Period of Declarant Control, the Declarant or Persons appointed by the Declarant may appoint all officers and Directors of the Board and remove all officers and Directors appointed by it.

b. No later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that May Be Included to Members other than Declarant, at least one (1) Director and not less than twenty-five percent (25%) of the Directors must be elected by Members other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that May Be Included to Members other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the Directors must be elected by Members other than the Declarant. Not later than termination of the Period of Declarant Control, the Members shall elect a Board, at least a majority of whom must be Members other than the Declarant.

c. At the first annual meeting of the Association held subsequent to termination of the-Period of Declarant Control, the Members shall elect one (1) Director to a term of one year, one (1) Director to a term of two years, and one (1) Director to a term of three years, and at each annual meeting thereafter the Members shall elect the same number of Directors as there are Directors whose terms are expiring at the time of each election, for terms of three years. In the event these Bylaws are amended to increase the number of Directors, the Directors shall be elected to staggered terms to match the terms specified in this Section 5.4.c. as closely as possible. Each Director shall serve until his or her successor is duly elected and qualified or until such Director resigns or is removed from office as provided in these Bylaws.

Section 5.5. Nomination. Nomination for election to the Board may be made by a nominating committee if such a committee is appointed, from time to time, by the Board, or in such other manner as determined by the Board. Except with respect to elections conducted by mail-in, written ballot, nominations may also be made from the floor at any Member meeting. With respect to elections conducted by mail-in, written ballot, Members shall have the right to cast votes for write—in names for candidates.

Section 5.6. Election. Contested elections for Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected to the longest available terms.

Section 5.7. Removal of Directors: Vacancies of Directors. Sixty-seven percent (67%) of the votes cast at any meeting of the Members at which a quorum is present, in person or by proxy, may remove any Director with or without cause, other than a Director appointed by the Declarant. Declarant may at any time remove, and appoint the successor of, any Director who was appointed by it. In the event of death, resignation, or removal of a Director, his or her successor shall be selected by a majority of the remaining Directors, whether or not such remaining members constitute a quorum, and shall serve for the unexpired term of the Director being replaced; provided, however, that the Declarant may appoint the successor of any Director who served in such capacity as a result of being appointed by the Declarant. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his or her predecessor in office.

Section 5.8. Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 5.9. Committees. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, which may consist of or include Members who are not Directors. Any such committee shall have and may exercise such authority as shall be specified in the resolution creating such committee, except that no such committee shall exercise any of the authority prohibited by C.R.S. 7-128—206. The Board shall have the right, from time to time and at any time, to add, remove or replace committee members. Any person appointed to preside over any such committee shall meet the same qualifications as are required by the Governing Documents for election or appointment to the Board.

Section 5.10. General Provisions Applicable to Committees. The appointment of any committee and the delegation thereto of authority shall not relieve the Board of any responsibility imposed upon it by law.

Section 5.11. Compensation. No Director shall receive compensation from the Association for serving on the Board. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties. A receipt shall be required for any reimbursement.

Section 5.12. Loyalty. All Directors are encouraged to share their views and opinions. Directors may vote in the minority on issues, however, once an issue is decided, each Director agrees to work within the Association's processes and systems to advance the approved issue, and not to either individually, or in collaboration with others, intentionally sabotage or subvert the work of the Board or the issue decided upon.

ARTICLE VI
MEETINGS OF DIRECTORS

Section 6.1. Place of Directors' Meetings. Meetings of the Board shall be held at the principal office of the Association or at such other place as may be fixed from time to time by the Board and specified in the notice of the meeting.

Section 6.2. Regular Meetings of Directors. The Board shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by resolution.

Section 6.3. Special Meetings of Directors. Special meetings of the Board may be called at any time by the President or any two Directors, upon not less than two (2) days' notice to each Director.

Section 6.4. Open Meetings; Executive Session. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or to any person designated by a Member in writing. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed-door session and may restrict attendance to Directors and other persons specified by the Board; provided that any such executive or closed-door session may only be held in accordance with the provisions and requirements of the Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session shall include only the following matters: (a) matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association; (b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client; (c) investigative proceedings concerning possible or actual criminal misconduct; (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and (f) review of or discussion relating to any written or oral communication from legal counsel. Prior to the time the Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above.

Section 6.5. Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

Section 6.6. Quorum of Directors. A majority of the number of Directors fixed in these Bylaws in office immediately before the meeting begins shall constitute a quorum for the transaction of business.

Section 6.7. Vote Required at Directors' Meeting. Each Director shall be entitled to one vote. At any meeting of Directors, if a quorum is present, a majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of any matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation, or these Bylaws.

Section 6.8. Order of Business. The order of business at all meetings of Directors shall be as determined by the Board, and in the absence of such a determination, shall be as follows: (a) roll call; (b) proof

of notice of meeting or waiver of notice; (c) approval of minutes of preceding meetings; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

Section 6.9. Officers at Meetings. The President shall act as chairman and the Secretary shall act as secretary at all meetings of the Members and the Board.

Section 6.10. Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director.

Section 6.11. Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of Directors may be taken without a meeting upon written approval of a majority of the Directors. Action taken without a meeting pursuant to this Section 6.11 has the same effect as action taken at a meeting of Directors and may be described as such in any document. All writings made pursuant to this Section 6.11 shall be filed with the minutes of the meetings of the Board.

Section 6.12. Participation by Electronic Means. The Board may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD

Section 7.1. Powers. The Board may exercise any right or privilege given to it expressly, or by reasonable implication, by the Governing Documents, the Act, or the Colorado Revised Nonprofit Corporation Act, or take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, the Act, or the Colorado Revised Nonprofit Corporation Act or by law, the Board may exercise the Association's rights and powers without a vote of the membership. The Board's authority with respect to the Common Area is exclusive. No Member or other person shall attempt to engage or direct any employee, contractor, or agent of the Association on any private business of such person, or to otherwise direct, supervise or in any manner attempt to assert control over such employee, contractor, or agent during the hours that such person is working on behalf of the Association. Without in any way limiting the foregoing, the Board shall have the power to:

a. Adopt and publish Rules and architectural or design guidelines governing the Lots, the Common Area, the Community, or any portion thereof, and any improvements or facilities thereon and the personal conduct of the Members and their Permittees thereon, and to establish penalties for the infraction thereof;

b. Suspend the voting rights and the right of a Member or Permittee to use Common Area amenities, after notice and hearing as provided herein, for up to 60 days following any violation by such Member or a Permittee of any provision of the Declaration or of any Rule adopted by the Association unless such violation is a continuing violation, in which case such suspension may continue for so long as such violation continues and for up to 60 days thereafter;

c. Enter into, make, perform, or enforce contracts, licenses, leases, and agreements of every kind and description; provided however, the Association's contract with a managing agent shall be terminable for cause without penalty to the Association, and any such contract shall be subject to renegotiation;

d. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not expressly reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

e. Declare the office of a Director to be vacant in the event such Director shall be absent from two (2) regular meetings of the Board during any one-year period;

f. Employ a manager, an independent contractor, or such other employees as it deems necessary, and prescribe their duties; and

g. Provide for notice and hearing in compliance with the provisions of these Bylaws, through promulgation of procedures therefor.

Section 7.2. Duties. It shall be the duty of the Board to:

a. Cause to be kept a complete record of all its acts and corporate affairs;

b. Supervise all officers, agents, and employees to the extent not supervised by a manager or an officer of the Association, and see that their duties are properly performed;

c. As more fully provided in the Declaration, to adopt a budget, determine the amount of the Annual Assessment against each Lot, from time to time, in accordance with the Association budget, and revise the amount of the Annual Assessment if such budget is rejected by the Members;

d. Issue or cause an appropriate officer or authorized agent to issue, upon request, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates;

e. Procure and maintain insurance, as more fully provided in the Declaration;

f. Provide for maintenance, repair, and reconstruction of the Common Area, other parcels of real property, and improvements located thereon owned by the Association or in which the Association has a possessory interest, including obtaining insurance certificates for reasonable insurance coverage from all contractors;

g. Keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid Assessments;

h. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity, and income return;

i. At the discretion of the Board or upon request pursuant to subparagraph (1) or (2) of this paragraph (i) as applicable, the books and records of the Association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified person selected by the Board. Such person need not be a certified public accountant except in the case of an audit. The audit or review report shall cover the association's financial statements, which shall be prepared using

generally accepted accounting principles or the cash or tax basis of accounting. An audit shall be required under this subparagraph only when both of the following conditions are met:

1. the Association has annual revenues or expenditures of at least two Hundred fifty thousand dollars; and

2. an audit is requested by the Members to which at least one-third of the votes in the Association are allocated.

A review shall be required under this paragraph (i) only when requested by the Members to which at least one-third of the votes in the Association are allocated. Copies of an audit or review shall be made available upon request to any Member beginning no later than thirty days after its completion; and

j. Adopt responsible governance policies under Section 38-33.3-209.5 of the Act.

Any of the aforesaid duties (except as specified in Section 7.2.i.) may be delegated by the Board to any other person(s) or to a manager. To the extent it may be required by any statute, and if not required by statute then at the option of the Board, the Association or the manager or other person who receives the delegation of duties relating to the collection, deposit, transfer or disbursement of Association funds shall: (1) maintain fidelity insurance or a bond in an amount not less than the greater of (a) fifty thousand dollars ($50,000 or such higher amount as the Board may require) or (b) the estimated maximum amount of funds, including reserve funds, in the custody of the manager at any given time during the term of each policy as calculated from the current budget of the Association, or (c) a sum equal to three (3) months' aggregate assessments plus reserve funds; and (2) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the manager or other person(s) and maintain all reserve accounts separate from operational accounts of the Association. Further, the manager, or a public accountant or certified public accountant shall prepare and present to the Association an annual accounting for Association funds and a financial statement as set forth in the Act.

Section 7.3. Limitation on Powers. The Board may not act on behalf of the Association to amend the Declaration, to terminate this Community, or to elect Directors or determine the qualifications, powers and duties, or terms of office of Directors, but the Board may fill vacancies in its membership for the unexpired portion of any term. This provision shall not limit Declarant's exercise of Special Declarant Rights or Declarant's Development Rights.

Section 7.4. Conflicts of Interest. Except with respect to Declarant's exercise of Special Declarant Rights, if any contract, decision, or other action entered into or taken by or on behalf of the Board would financially benefit any Director, or a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the Director or a party related to a Director has a beneficial interest, or an entity in which a party related to a Director is a Director, officer, or has a financial interest, then, in advance of entering into that contract, making the decision or taking the action, the interested Director shall disclose the material facts as to the Director's relationship or interest and as to the conflicting interest transaction. The Board may in good faith authorize, approve, or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum.

ARTICLE VIII
OFFICERS

Section 8.1. Officers, Employees and Agents. The officers of the Association shall consist of a President, a Secretary, and a Treasurer and may include one or more Vice Presidents (hereinafter defined) and such other officers, assistant officers, employees, and agents as may be deemed appropriate or necessary by the Board from time to time. Officers other than the President need not be Directors. The offices of President and Secretary may not be held by the same person. However, any person may simultaneously hold two or more of any of the other offices, subject to any applicable requirements or limitations contained in the Declaration, Articles of Incorporation, and these Bylaws. No Member may serve as an officer if such Member is not in Good Standing with the Association.

Section 8.2. Appointment and Term of Office of Officers. The officers shall be elected or appointed by acclamation by the Board at the first meeting of the Board held subsequent to the annual meeting of the Members and shall hold office for one (1) year unless the officer sooner resigns or is removed or shall otherwise be disqualified to serve.

Section 8.3. Removal of Officers. Any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 8.4. Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 8.5. Vacancies in Offices. Any vacancy occurring in any office may be filled by the Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of its predecessor in office.

Section 8.6. President. The president of the Association (the "President") shall be a Director and shall be the principal executive officer of the Association, and subject to the control by the Board, shall direct, supervise, coordinate, and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board and at all meetings of the Members.

Section 8.7. Vice Presidents. The vice president(s) of the Association (the "Vice President(s)"), if appointed, may act in place of the President in case of his/her death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board or by the President.

Section 8.8. Secretary. The secretary of the Association (the "Secretary") shall be the custodian of the records of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the Board and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary for whatever reason, including in case of death, absence, or inability to act.

Section 8.9. Treasurer. The treasurer of the Association (the "Treasurer") shall be responsible for overseeing the deposit of all funds in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require; shall arrange for the annual reports required by these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to it by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer for whatever reason, including in case of death, absence, or inability to act.

Section 8.10. Bonds. The Association shall obtain fidelity bonds or insurance, if reasonably available, covering officers or other persons handling funds of the Association.

ARTICLE IX
INDEMNIFICATION OF OFFICIALS AND AGENTS

Section 9.1. Certain Definitions. A "Corporate Official" shall mean any Director, officer or committee member, and any former Director, officer, or committee member of the Association. A "Corporate Employee" shall mean any employee, and any former employee, of the Association. "Corporate Official" and "Corporate Employee" shall not include any officer, director, agent, or employee of any managing agent employed by the Association, and no such person shall have a right of indemnification hereunder. "Expenses" shall mean all costs and expenses including attorneys' fees, liabilities, obligations, judgments, and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending, or completed, and shall include appeals.

Section 9.2. Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Board, indemnify any Corporate Employee, against any and all Expenses actually and reasonably incurred by or imposed upon it in connection with, arising out of, or resulting from, any Proceeding in which it is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in an official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against it solely by reason of being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of Directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Corporate Employee acted in good faith and such person reasonably believed that the conduct was in the Association's best interests and had no reasonable cause to believe that its conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee is finally adjudged in a Proceeding to have been liable for gross negligence or willful misconduct in the performance of its duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

Section 9.3. Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Corporate Employee, in a Proceeding provided that the Corporate Official or Corporate Employee shall comply with the requirements of C.R.S. 7-129-104.

Section 9.4. Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Corporate Employee may be entitled.

Section 9.5. Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against it as a Corporate Official or Corporate Employee or arising out of its status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

ARTICLE X
NOTICE AND HEARING

Section 10.1. Notice and Hearing. In all instances where the Act, as amended from time to time, the Colorado Revised Nonprofit Corporation Act, as amended from time to time, or the Governing Documents require notice and hearing, the Board shall comply with a written policy adopted by the Board that provides:

a. Not less than fifteen days prior written notice of the action to be taken and the reasons for such action;

b. An opportunity for the affected member ("Respondent") to be heard, orally or in writing before the action to be taken by either the Board or a hearing committee appointed by the Board as provided herein;

c. That the action taken shall be fair and reasonable taking into consideration all of the relevant facts and circumstances.

For all purposes of this section, notice shall be hand delivered or sent prepaid by United States mail to the mailing address of each Respondent or to any other mailing address designated in writing by the Member. Notice shall be deemed delivered, if hand delivered upon delivery, and if sent by United States mail, three days after mailing.

Section 10.2. Hearing Committee. In any instance that requires a hearing, the President may appoint a hearing committee ("Hearing Committee") of three natural Persons who need not be Members of the Association, but who may be Directors. In appointing the members of the Hearing Committee, the President must ensure that the members of the Hearing Committee are "Impartial Decision Makers" as that term is defined in C.R.S. 38-33.3-209.5. The President shall cause written notification of the names of the Hearing Committee members to be mailed to the Respondent at least ten (10) days before the date of the hearing. The decision of the President shall be final. The Hearing Committee shall elect a chairman and appoint a hearing officer (who may be the same person as the chairman) who shall take evidence and ensure that a proper record of all proceedings is maintained.

ARTICLE XI
BOOKS AND RECORDS

Section 11.1. Books and Records.

a. The Association shall maintain and produce to Members for inspection, upon request, the following records which shall be deemed the sole records of the Association for the purpose of producing records to Members: records specifically defined in the Declaration or these Bylaws;

records the Association is required to disclose within ninety days after the end of the fiscal year as required by the Act; detailed records of receipts and expenditures affecting the operation and administration of the Association; records of claims for construction defects and amounts received pursuant to settlement of those claims; minutes of all meetings of its Members and the Board; records of all actions taken by the Members or the Board without a meeting; records of all actions taken by any committee of the Board; written communications among, and votes cast by Directors that are: (i) directly related to an action taken by the Board without a meeting pursuant to the Colorado Revised Nonprofit Corporation Act; or (ii) directly related to an action taken by the Board without a meeting pursuant to these Bylaws; a list of the names of all Members and the physical mailing address at which the Association communicated with them and showing the number of votes each Member is entitled to cast; the Association's current Declaration, Bylaws, Articles of Incorporation, Rules, responsible governance policies and other policies adopted by the Board; financial statements for the past three years and tax returns of the Association for the past seven years; a list of the names, electronic mail address, and physical mailing addresses of the current Directors and officers of the Association; the most recent annual report delivered to the Colorado Secretary of State; financial records sufficiently detailed to enable the Association to provide a Member with a written statement stating the amount of unpaid assessments currently levied against the Member's Lot; the Association's most current reserve study (if any); current written contracts to which the Association is a party and contracts for work performed within the past two years; records of Board or committee actions to approve or deny any requests for design or architectural approval from Members; ballots, proxies and other records related to voting by Members for one year after the election, action or vote; resolutions adopted by the Board relating to characteristics, qualifications, limitations and obligations of Members; and all written communications within the past three years sent to all Members.

b. Pursuant to the Act, the Board of Directors, at its discretion or as otherwise provided for in a policy adopted by the Board, may withhold the following documents from production to Members: architectural drawings, plans, and designs, unless released upon written consent of the legal owners of the drawings, plans or designs; contracts, leases, bids or records related to transactions to purchase or provide goods or services that are currently in or under negotiations; communications with legal counsel that are otherwise protected by attorney-client privilege or the attorney work product doctrine; disclosure of information in violation of law; records of an executive session of the Board; and records relating to or concerning individual Lots other than those of the requesting Member.

c. Pursuant to the Act, the Association is required to withhold the following records from production to Members: personnel, salary or medical records relating to specific individuals; personal identification and account information of Members and residents, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers and social security numbers. However, the Association is permitted to publish in an Association directory, the telephone number and electronic mail address of any Member who first provides written permission to the Association to disclose such information.

d. The Association is permitted to impose a reasonable charge, which may be collected in advance, to cover the costs of labor and materials necessary to provide copies of records to Members. All books and records of the Association shall be reasonably available for inspection by any Member or such Member's authorized agent. Reasonably available shall mean available for inspection at the Association's principal office, upon at least ten (10) business days advance notice, during

normal business hours to the extent that the request is submitted in writing and reasonably describes the records the Members are seeking to inspect and/or copy. Notwithstanding the above, at the election of the Board, all permitted books and records may also be inspected at the next regularly scheduled meeting of the Board if such meeting occurs within thirty (30) days after the request.

e. Membership lists, or any part thereof, may not be:

1. Obtained or used by any person for any purpose unrelated to a Member's interest as a member of the Association;

2. Used to solicit money or property, unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;

3. Used for any commercial purpose; or

4. Sold to or purchased by any person

Section 11.2. Public Disclosure.

a. Within ninety (90) days after expiration of the Period of Declarant Control, the Association shall make the following information available to the Members, upon reasonable notice, in accordance with subparagraph c of this section. In addition, if the Association's address, designated agent, or management company changes, the Association shall make updated information available within ninety (90) days after the change including:

1. The name of the Association;

2. The name of the Association's designated agent or management company, if any;

3. A valid physical address and telephone number for both the Association and the designated agent or management company, if any;

4. The name of the Community;

5. The initial date of recording of the Declaration; and

6. The reception number or book and page for the main document that constitutes the Declaration.

b. Within ninety days after the end of each fiscal year, the Association shall make the following information available to Members-upon reasonable notice in accordance with subparagraph c of this section:

1. The date on which its fiscal year commences;

2. Its operating budget for the current fiscal year;

3. A list of the Association's current assessments, including special assessments, if any;

4. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;

5. The results of its most recent available financial audit or review for the Fiscal year immediately preceding the current annual disclosure;

6. A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insured, and expiration dates of the policies listed;

7. The Bylaws, Articles of Incorporation and Rules;

8. The minutes of the Board and Member meetings for the fiscal year immediately preceding the current annual disclosure; and

9. The Association's responsible governance policies adopted under Section 38-33.3-209.5 of the Act.

c. It is the intent of this section to allow the Association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to Members at their convenience. Disclosure shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first-class mail or electronic mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a Common Expense.

ARTICLE XII
MISCELLANEOUS

Section 12.1. Amendment of Bylaws. Except as limited by Section 7.3 above, the Board shall have the power to alter, amend or repeal these Bylaws or any provision herein, or to adopt new Bylaws. Further, the Members, by a majority of the votes cast at any meeting of the Members at which a quorum is present in person or by proxy, may also alter, amend or repeal these Bylaws and to adopt new Bylaws. If the Members make, amend, or repeal any bylaw, the Board shall not thereafter amend the same in such manner as to defeat or impair the object of the Members in taking such action. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation.

Section 12.2. Execution, Certification and Recording Amendments to Declaration. The President, or the Vice President in the President's absence, and the Secretary of the Association shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

Section 12.3. Statement of Account. The Association shall furnish to a Member, or to a Mortgagee or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the Association, a written statement setting forth the amount of unpaid Assessments currently levied against such Member's Lot. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association. The Association shall have the right to charge a reasonable fee for the issuance of such certificate.

Section 12.4. Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law and shall pay the fee for such filing as prescribed by law.

Section 12.5. Fiscal year. The fiscal year of the Association shall begin on January 1 of each year and end the succeeding December 31, except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Board without amending these Bylaws.

Section 12.6. Share of Stock and Dividends Prohibited. The Association shall not have, or issue shares of stock and no dividend shall be paid, and no part of the income shall be distributed to its Members, Directors, or officers. Notwithstanding the foregoing, upon dissolution or final liquidation thereof, the Association, may make distributions as permitted by the Act; but no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

Section 12.7. Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, Directors or officers, and any Director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 12.8. Limited Liability. Except as may otherwise be provided by law, the Association, the Board, the Declarant, and any officer, Director, Member, agent, or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

Section 12.9. Minutes. Minutes or any similar records of the meetings of Members or of the Board, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

Section 12.10. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 12.11. Execution of Documents. The Board, except as these Bylaws otherwise provide, may authorize any officer or officers, agent, or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

IN WITNESS WHEREOF, Declarant sets its hand and seal this 15th day of November, 2021.

The Falls at Valley Ranch Homeowners Association,
A Colorado Limited Liability Company

Director: member
Printed Name: David W. Coker
Signature:

Director: Secretary
Printed Name: Barbara J Coker
Signature:

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary for Falls at Valley Ranch Homeowners Association, Inc., a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board thereof, held on this 15 day of November, 2021, by:

Secretary Signature

STATE OF COLORADO)
) ss.
COUNTY OF MONTROSE

Tina L. McFarlin
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20184006482
MY COMMISSION EXPIRES FEBRUARY 8, 2022

Witness my hand and official seal. My notarial commission expires: February 8, 2022

Notary Public