BYLAWS OF
SANCTUARY HOMEOWNERS ASSOCIATION

THESE BYLAWS of SANCTUARY HOMEOWNERS ASSOCIATION, a Colorado nonprofit corporation (the "Association"), are effective as of the date of execution hereof by the duly authorized board member, and are adopted pursuant to the Colorado Revised Nonprofit Corporation Act (the "Act") and the Colorado Common Interest Ownership Act ("CCIOA"). In the event of a conflict between these Bylaws, the Articles of Incorporation of Sanctuary Homeowners Association (the "Articles of Incorporation" or "Articles"), or the Declaration of Covenants, Conditions, Easements, and Restrictions for Sanctuary at Valley Ranch (the "Declaration"), the Articles and the Declaration shall control over the Bylaws, and the Declaration shall control over the Articles. Pursuant to the Declaration of Covenants, Conditions, Easements and Restrictions for Sanctuary at Valley Ranch and Section 38-33.3-116 C.R.S., the Association shall be exempt from CCIOA to the maximum extent allowed by law for a planned community having fewer than twenty (20) lots.

ARTICLE I
Members

1.1. Membership. Eligibility and requirements for membership are specified in the Declaration.

1.2. Annual Meeting. The annual meeting of the members of the association shall be held on or before November 30 of each year for the purpose of the election of directors and for the transaction of such other business as may lawfully come before the members.

1.3. Special Meetings. Special meetings of the members may be called by any board member or by members holding at least 20% of the votes of the Association upon delivery of a written request for such meeting to the Board of Directors in care of any director. Upon delivery of such a request that is executed by at least 20% of the members, the Board of Directors shall schedule the meeting and shall give notice thereof in accordance with Section 1.5.

1.4. Location of Meeting. The Board of Directors shall designate any place, within Montrose County, Colorado as the location of any meeting. One or more members may participate in any members meeting by any means of communication by which all persons participating in the meeting can hear one another simultaneously. Such participation shall constitute presence in person at the meeting.

1.5. Notice of Meetings; Waiver of Notice.

1.5.1. Not fewer than ten (10) nor more than fifty (50) days in advance of any members meeting, a director shall cause notice to be hand-delivered or sent prepaid by United States mail to the mailing address of each member or to any other mailing address designated in writing by the member. Also, to the extent feasible and practical, the notice

shall be physically posted in a conspicuous place, in addition to being posted electronically or sent via electronic mail to all members who so request and who have furnished the Association with their electronic mail addresses.

1.5.2. Notice of any meeting must state the date, time, and place of the meeting and a description of any matters that require membership approval.

1.5.3. A member may waive notice of any meeting, or any other notice required by these Bylaws, by a writing signed by the member entitled to notice which is delivered to the secretary (either before or after the date and time stated in the notice) for inclusion in the minutes or for filing with the Association's records. A member's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting, unless the member, at the beginning of the meeting, objects to holding the meeting on the basis of lack of notice or defective notice; and

(b) Waives objection to consideration of a particular matter at the meeting that is not within the purposes described in the meeting notice, unless the member objects to considering the matter when it is first presented.

1.6. Quorum and Voting.

1.6.1. A quorum shall be deemed present throughout any members meeting if persons entitled to cast 20% of the votes which may be cast for election of the Board of Directors of the Association are present in person or by proxy at the beginning of the meeting. Upon failure of a quorum, an adjournment may be taken by the vote of a majority of the members present for a period not to exceed thirty (30) days at any one adjournment.

1.6.2. If a quorum exists, action on a matter shall be approved if the votes cast by the members present at the meeting which favor the action exceed the votes cast in opposition to the action, unless a greater number of votes is required by law, the Articles of Incorporation, the Declaration, or these Bylaws; if there are more than two (2) choices or candidates, the choice or candidate receiving a plurality of votes, whether or not a majority of the total votes cast, shall be the prevailing choice or candidate. Each member entitled to vote shall have the number of votes allocated to that member in accordance with the Declaration. At the discretion of the board or upon the request of 20% of the members who are present at a meeting or represented by proxy, and if a quorum has been achieved, a vote on any matter affecting the community shall be by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be members 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 board members and, in the case of a contested election for a board position, shall not be candidates. The results of any vote by secret ballot shall be reported without reference to names, addresses, or other identifying information.

1.7. Order of Business and Participation at Meetings.

1.7.1. Unless the chairperson adopts some other agenda, the order of business at the annual meetings of the members and, insofar as practicable, at all other meetings of the members, shall be as follows:

(a) Call of the roll of members and approval of proxies;
(b) Proof of notice of meeting or executed waiver;
(c) Reading of minutes of last meeting;
(d) Reports of officers and committees;
(e) Election of directors;
(f) Unfinished business;
(g) New business;
(h) Miscellaneous business.

1.7.2. All meetings of the Association shall be open to all members, or to any person designated by a member in writing as the member's representative. At an appropriate time determined by the board, but before the board votes on an issue under discussion, members or their designated representatives shall be permitted to speak regarding that issue. The board may place reasonable time restrictions on those 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.

1.8. Proxy. Members are entitled to vote at any members meeting in person or by written proxy, properly signed by the member or his or her duly authorized attorney-in-fact. Proxies shall be filed with the secretary before or at the time of the meeting. A proxy terminates eleven (11) months after its date, unless it provides otherwise. A member may not revoke a proxy except by actual notice of revocation to the person presiding over the meeting at which the proxy will be cast. A proxy is void if it is not dated or if it purports to be revocable without notice.

1.9. Fixing Record Date. For the purpose of determining members entitled to notice or to vote at any members meeting, the Board of Directors may fix a date in advance as the record date. Such date shall not be fewer than ten (10) nor more than fifty (50) days prior to the date on which the action is to be taken. If the directors do not fix such a record date, the record date shall be the close of business on:

(a) With respect to any meeting, the day before the first notice is delivered to members; and

(b) With respect to any informal action taken pursuant to Section 1.10, the date the first member signs a written consent.

1.10. Informal Action by Members. Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if members entitled to vote thereon

unanimously agree and consent to such action in writing. Such consent may be executed in counterparts and received by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy of the document, including a copy of the signature on the document. Unless the members establish a different effective date, action is taken at the time the last member signs the consent. Such consent shall have the same effect as action taken at a meeting of the members and may be described as such in any document. A member may revoke his or her consent by a written revocation signed by the member and received by the Association before the last member has signed the consent, in which case the action proposed in the consent shall be invalid.

1.11. Action by Written Ballot.

1.11.1. Any action that may be taken at any members meeting may be taken without a meeting if the Association delivers a written ballot (in the manner provided in subsection 1.5.1) to every member entitled to vote on the matter. The written ballot shall state each proposed action and provide an opportunity to vote for or against such proposed action. Approval by written ballot shall only be valid 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. If there are more than two (2) choices or candidates, and the quorum requirements are met, the choice or candidate receiving a plurality of votes, whether or not a majority of the total votes cast by ballot, shall be the prevailing choice or candidate. A written ballot may not be revoked.

1.11.2. Solicitations for votes by written ballot shall:

(a) Indicate the number of responses needed to meet the quorum requirements;

(b) State the percentage of approvals necessary to approve each matter other than election of directors;

(c) State the time by which the ballot must be received by the Association in order to be counted; and

(d) Be accompanied by written information sufficient to permit each member voting to reach an informed decision on the matter.

1.12. Rejection Based on Validity and Authority. The Association, acting by and through its Board of Directors, is entitled to reject any vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary 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 member.

1.13. Membership and Members List. After fixing a record date pursuant to Section 1.9, the Association shall prepare an alphabetical list of the names of all its members who are entitled to notice of, and to vote at, the meeting or to take such action by written ballot. The list shall show the address of each member entitled to notice of, and to vote at, the meeting or to take such action by written ballot, and the number of votes each member is entitled to vote at the meeting or by written ballot.

1.14. Transactions Requiring Membership Approval. Notwithstanding anything to the contrary stated elsewhere in these Bylaws, neither the Board of Directors, nor any committee of such board, nor any officer, agent, or employee of the Association, shall take any of the following actions without the prior approval of the voting members, unless otherwise provided by law, the Declaration, or the Articles of Incorporation:

(a) Amendment or restatement of the Declaration;

(b) Merger, dissolution, or sale or other disposition of substantially all of the assets of the Association;

(c) Sale, lease, disposition, pledge, gift, or encumbrance of the common areas or common elements of the Association, except in accordance with duly adopted policies for such matters that have been approved from time to time in advance by the voting members, and except that the Association may, without a vote of the members, grant or convey a non-exclusive easement over, under, upon, or within common areas or common elements to a third party;

(d) Sale, lease, disposition, pledge, gift, or encumbrance of the personal property or equipment of the Association, except in accordance with duly adopted policies for such matters that have been approved from time to time in advance by the voting members;

(e) Aggregate borrowing of the Association for any period for any purpose in excess of $10,000.00, or of any other maximum dollar amount to be established by the voting members from time to time; the term "borrowing" for these purposes shall include any commitment for the payment of money pursuant to any contract; or

(f) Any expenditure of a nature that was not anticipated or reflected in a budget approved in advance of such expenditure by the voting members, and any expenditure which either singly or when aggregated with all other similar amounts throughout the Association's fiscal year exceeds 10% of the amount budgeted for such expenditure or class of expenditures pursuant to a budget approved in advance of such expenditure by the voting members.

ARTICLE II

Board of Directors

2.1. Powers and Duties. The business and the property of the Association shall be controlled and managed by the Board of Directors consisting of three members, except as otherwise expressly provided by law, the Articles of Incorporation, the Declaration, or these Bylaws. All directors shall be members of the Association, except for directors appointed by Declarant (as defined in the Declaration), who are natural persons, eighteen (18) years of age or older.

2.1.1. By way of example and not limitation, the Board of Directors shall have the authority to:

(a) Employ independent contractors and employees as the board deems necessary;

(b) Cause to be kept a complete record of all its acts and corporate affairs;

(c) Supervise all officers and any agents and employees of the Association, and see that their duties are properly performed;

(d) As more fully provided in the Declaration:

(1) Fix the amount of the annual budget and annual assessment against each lot;

(2) Cause delivery of all required notices relative to budgets and assessments;

(3) Collect assessments which are not paid when due as provided in the Declaration or otherwise allowed by law; and

(4) Issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid.

(e) Obtain and maintain insurance as required under the Declaration;

(f) Cause all officers, employees, or agents having fiscal responsibilities to be bonded, if required in the Declaration or by law; and

(g) Cause all property owned or used by the Association to be properly maintained.

2.1.2. A director may prepare, execute, certify, and record amendments to the Declaration on behalf of the Association so long as such amendments have been duly approved in accordance with the Declaration and applicable law.

2.2. Number, Term, and Nomination.

2.2.1. The affairs of the Association shall be managed by a board of three (3) directors. The number of directors may be changed from time to time by amendment of these Bylaws.

2.2.2. Each director shall serve for the period of one year next succeeding his or her election, and until the election and qualification of a successor, unless sooner removed from office. Directors shall be elected by secret ballot in contested elections. A plurality of votes cast by the members entitled to vote in the election shall be necessary to elect a director.

2.2.3. Nominations for election to the Board of Directors may be submitted to the secretary, in writing, by any member or director through and including the day before the election date, but not more than fifty (50) days prior to such date. Unless the vote is being conducted by written ballot without a meeting under Section 1.11, nominations from the floor may be made at the meeting in which the election is held immediately prior to the vote.

2.3. Vacancies. Any vacancy in membership of the Board of Directors shall be filled for the remainder of the unexpired term by the affirmative vote of a majority of the remaining directors, whether or not consisting of a quorum.

2.4. Resignation and Removal.

2.4.1. A director may resign at any time by giving written notice of his or her resignation to the Association. Such resignation is effective when the notice is received by the Association, unless the notice states a later date. A board member who has failed to attend three (3) consecutive board meetings may be deemed to have resigned if a majority of the board votes to confirm such resignation. If a director is deemed to have resigned for failing to attend meetings, his or her resignation date shall be the date of confirmation of resignation by the Board of Directors.

2.4.2. At any meeting of the members at which a quorum is present, the members, by a vote of 67% of all persons present and entitled to vote, may remove the entire Board of Directors or any lesser number, other than a director appointed by the Declarant.

2.5. Regular Meeting of Directors. The directors shall hold regular meetings as deemed appropriate given the affairs of the Association. Regular meetings of the Board of Directors shall be open to all members; however, the board shall have control of such meetings, including whether and how long and on what subjects or topics members are allowed to speak.

2.6. Special Meetings. Special meetings of the Board of Directors may be called by the president or a majority of the directors. Special meetings of the Board of Directors shall be open to all members; however, the board shall have control of such meetings, including whether and how long and on what subjects or topics members are allowed to speak.

2.7. General Provisions Regarding Meetings.

2.7.1. All meetings of the Board of Directors shall be held at a time and place in Montrose County, Colorado to be designated by the president or, if called by directors, at such time and place in Montrose County, Colorado designated by those directors. One or more directors may participate in any meeting of the board by any means of communication by which all persons participating in the meeting can hear one another simultaneously. Such participation shall constitute presence in person at the meeting.

2.7.2. All meetings of the Board of Directors or any committees of the board shall be open to attendance by all members or their representatives, and agendas for such meetings shall be made reasonably available for examination by all members or their representatives. Any member in attendance may participate in any deliberation or discussion if expressly so authorized by a majority vote of the board.

2.8. Notice of Meetings. Meetings of the Board of Directors shall be held only after delivering by email to each director, at least five (5) days in advance of such meeting, a written notice of such meeting, giving the date, time, and place of the meeting. A director may waive any notice of a meeting with a written waiver signed by the director and filed with the minutes or corporate records. Notice of such meetings shall also be posted on the Association's website at least five (5) days in advance.

2.9. Quorum and Manner of Action. A quorum will be deemed present throughout any meeting if directors entitled to cast at least 60% of the votes are present at the beginning of the meeting. The act of the majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

2.10. Proxies. A director may be deemed present at a meeting if, prior to the meeting, the director grants and delivers a written proxy to another director who is present in person at the meeting. The proxy must direct a vote to be cast with respect to a particular proposal that is described with reasonable specificity in the proxy. No other proxies by directors shall be allowed.

2.11. Compensation of Directors. No director shall receive compensation for his or her efforts, work, or attendance at meetings or events. However, upon a vote of the directors, a director may be reimbursed for actual expenses incurred in performance of the director's duties, so long as such expenses or performance was authorized and for the benefit of the Association. Provisions of these Bylaws regarding compensation of officers and directors may not be amended except with the approval of at least 67% of the members of the Association.

2.12. Presumption of Assent and Right of Dissent. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have waived notice of the meeting and assented to all action taken at the meeting unless:

(a) The director objects to holding the meeting or transacting business at the meeting at the beginning of the meeting, or promptly upon the director's arrival, and does not thereafter vote for or assent to any action taken at the meeting;

(b) The director contemporaneously requests that the director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or

(c) The director causes written notice of the director's dissent or abstention as to any specific action to be received by the presiding officer of the meeting before adjournment of the meeting or by the Association promptly after adjournment of the meeting.

The right of dissent or abstention pursuant to this Section 2.12 is not available to a director who votes in favor of the action taken.

ARTICLE III
Officers

3.1. General. The Board of Directors of the Association shall appoint from among the board members a president and a treasurer. The Board of Directors may appoint other officers from time to time as it may deem appropriate, which other directors shall be members of the Association but need not necessarily be members of the Board of Directors. All officers shall be natural persons, eighteen (18) years of age or older, and shall be members of the Association. Officers shall hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board of Directors. Officers shall not be paid or compensated, but shall be reimbursed for out-of-pocket expenses that such officer paid personally for actions or items that were duly authorized and undertaken on behalf of the Association.

3.2. Election and Tenure of Officers. Except as otherwise provided in the Declaration, the officers of the Association shall be appointed by the Board of Directors annually. A plurality of the votes cast shall be necessary to appoint an officer. One person may hold more than one office. A director or directors may hold any office(s). Each officer shall hold office until the first of the following to occur: the officer's successor is duly elected and qualified; the officer's death; the officer's resignation; or the officer's removal.

3.3. Resignation. An officer may resign at any time by giving written notice of resignation to the Association. The resignation of an officer is effective when the notice is received by the Association, unless the notice states a later effective date. If a resignation is made effective at a later date, the Board of Directors may permit the officer to remain in office until the effective

date and may fill the pending vacancy before the effective date with the provision that the successor does not take office until the effective date, or the Board of Directors may remove the officer at any time before the effective date and may fill the resulting vacancy.

3.4. Removal. The Board of Directors may remove any officer at any time, with or without cause, by a majority vote of the board. Election or appointment of an officer or agent shall not create a contractual right in such officer.

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

3.6. President. The president shall, subject to the direction and supervision of the Board of Directors, be the chief executive officer of the Association and shall have general and active control of its affairs and business and general supervision of its officers, agents, and employees. The president shall present a report of the general conduct and transactions of the company at the annual members meeting. The president shall have custody of the treasurer's bond, if any.

3.7. Treasurer. The treasurer shall have all of the powers, and shall perform all of the duties and obligations, of the president when the president is unable to act due to a vacancy in office, absence, or illness. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all the funds, securities, evidences of indebtedness, and other personal property of the Association. The treasurer shall be required to keep written records showing all receipts and expenditures of the Association and shall make such reports related thereto as the board may require. The treasurer shall, if required under the Declaration, give the Association a bond meeting the requirements of the Declaration, conditioned upon the faithful performance of the treasurer's duties and for the restoration to the Association of all books, papers, vouchers, money, and other property of whatever kind in the treasurer's possession or under the treasurer's control belonging to the Association. The treasurer shall have such other powers and perform such other duties as from time to time may be prescribed by the Board of Directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer. The treasurer shall also: (a) keep the minutes of the proceedings of the members and the Board of Directors; (b) see that all notices are duly given in accordance with the provisions of the Declaration, these Bylaws, or as required by law; (c) be custodian of the Association's records and authenticate Association documents; and (d) maintain a record containing the names and addresses of all members.

ARTICLE IV
Conflict of Interests

4.1. Loans. No loans shall be made by the Association to its directors or officers. 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 it is repaid.

4.2 Conflict of Interest. The Board of Directors shall comply with director conflict-of-interest rules in C.R.S. § 7-128-501, and the Board may adopt, and from time to time amend, a conflict of interest policy that complies therewith.

ARTICLE V
Dissolution

5.1. Authorization. The Association shall not be dissolved unless the Community (as described in the Declaration) is dissolved in accordance with the Declaration. To authorize the dissolution of the Association, the Board of Directors shall adopt and recommend a proposal to dissolve to the members which shall be approved upon the affirmative vote of at least two-thirds (2/3) of the members entitled to vote. If the Board of Directors determines that it should make no recommendation, because of conflict of interest or other special circumstances, and communicates the basis for its determination to the members, dissolution may be approved without such recommendation upon the affirmative vote of at least two-thirds (2/3) of the members entitled to vote. The Board of Directors may condition the effectiveness of the dissolution, and the members may condition their approval of the dissolution, on any basis.

5.2. Notice. The Association shall give notice to members entitled to vote, pursuant to Section 1.5, of the members meeting at which the proposal to dissolve will be voted on. The notice shall contain or be accompanied by a copy of the proposal or a summary thereof.

5.3. Articles of Dissolution. After dissolution is authorized, the Association shall dissolve by delivering to the Colorado Secretary of State for filing articles of dissolution in the form it shall prescribe.

5.4. Revocation. The Association may revoke its dissolution within 120 days after the effective date of the dissolution by the same action that authorized its dissolution pursuant to Section 5.1. After the revocation of dissolution is authorized, the Association shall revoke the dissolution by delivering to the Colorado Secretary of State for filing, within 120 days after the effective date of dissolution, articles of revocation of dissolution in the form it shall prescribe.

ARTICLE VI
Association Records

6.1. General. The Association shall keep as permanent records all those records required under C.R.S. § 38-33.3-317, specifically including but not limited to: (a) minutes of all meetings of the members and the Board of Directors; (b) a record of all actions taken by the members or board by written ballot or written consent in lieu of a meeting; (c) a record of all actions taken by a committee of the board in place of the board on behalf of the Association; (d) a record of all waivers of notices of meetings of members and of the board or any committee of the board; and (e) financial records sufficiently detailed to enable the Association to comply with C.R.S. § 38-33.3-316(8) concerning statements of unpaid assessments.

6.2. Records at Principal Office. In addition to the requirements of Section 6.1, the Association shall keep a copy of all records required under C.R.S. § 38-33.3-317(2) at its principal office, including but not limited to:

(a) The Articles of Incorporation;

(b) The Declaration;

(c) These Bylaws;

(d) Board resolutions relating to the characteristics, qualifications, rights, limitations, and obligations of lot owners or any class or category of lot owners;

(e) Minutes of all members meetings and records of all actions taken by members without a meeting for the past three (3) years;

(f) All written communications within the past three (3) years to members generally;

(g) A list of the names and business or home addresses of the current directors and officers;

(h) The Association's most recent annual report, if any;

(i) All financial audits or reviews conducted pursuant to C.R.S. § 38-33.3-303(4)(b) during the immediately preceding three (3) years;

(j) Tax returns of the Association for the past seven (7) years, to the extent available; and

(k) The names and addresses of all members and the number of votes each member is entitled to vote.

6.3. Form of Records. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time. Hard copies of records are not required to be kept; records may be maintained electronically. The Board may, but is not required to, video- or audio-record meetings of directors and/or meetings of members.

6.4. Examination and Copying. Records shall be made reasonably available for examination and copying by any member and such member's authorized agents. The Association may charge a fee, which may be collected in advance, but which shall not exceed the Association's cost for labor and material, for copies of Association records. The Association may require members to submit a written request, describing with reasonable particularity the records sought, at least ten (10) days prior to inspection or production of the documents and may limit examination and copying times to normal business hours or the next regularly scheduled Board of Directors meeting if the meeting occurs within thirty (30) days after the request.

ARTICLE VII
Miscellaneous

7.1. Amendment of Bylaws. Except as otherwise specifically provided by the Declaration, these Bylaws, or other applicable law, the Board of Directors shall have the power to make, amend, and repeal these Bylaws, in its reasonable discretion, at a regular meeting or any special meeting called for that purpose.

7.2. Offices. The initial principal office of the Association shall be located at 66516 Olden, Montrose, Colorado 81401. The Association may have such other offices in Montrose County, Colorado as the Board of Directors may designate or as the business of the Association may require from time to time.

7.3 Recordation. The Bylaws shall not be recorded in the real estate records.

EFFECTIVE as of the date of execution below:

BY: _____ DATE: 8-10-26

Printed Name: David W Coker Title: Manager

4903-5235-3471, v. 2