

**BYLAWS
OF
AMERICAN VILLAGE SUBDIVISION PROPERTY OWNERS ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is AMERICAN VILLAGE SUBDIVISION PROPERTY OWNERS ASSOCIATION, herein after referred to as the "Association." The principal office of the Association shall be c/o Colorado Dolphin Companies, Inc., 2270 James Street, Montrose, Colorado 81401, but meetings of Members and 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 of the Association ("Board of Directors" or "Board").

**ARTICLE II
PURPOSE**

The purpose for which the Association is formed is to govern the Property, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in that certain Declaration of Covenants, Conditions and Restrictions of American Village Subdivision, recorded in the office of the Clerk and Recorder of Montrose County, Colorado, as supplemented and amended from time to time ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined), and those certain Articles of Incorporation of American Village Subdivision Property Owners Association, and any amendments thereto, filed in the office of the Secretary of State of the State of Colorado ("Articles of Incorporation"). All present and future Owners, tenants, occupants, and any other person who may use the Lots, Common Area, or any portion thereof, or any facilities or appurtenances thereto or thereon, in any manner shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Declaration, Articles of Incorporation and these Bylaws. The mere acquisition, rental or occupancy of and Lot, or any portion thereof, shall signify that all terms and provisions of the Declaration, Articles of Incorporation and these Bylaws are accepted, ratified and shall be complied with.

**ARTICLE II
MEETINGS OF MEMBERS**

1. **Annual Meetings** . The first annual meeting of the Members shall be held on a date which is within twenty-four (24) months from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month annually thereafter or during any month annually the Members may determine at the first annual meeting.
2. **Special Meetings** . Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors or by Owners having at least ten percent (10%) of the votes of the Association.
3. **Notice of Meetings** . Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary of the Association or person authorized to call the meeting. Not less than ten (10) nor more than sixty (60) days in advance of such meeting, the person giving such notice shall cause notice of the meeting to be hand delivered or sent prepaid by United States first class mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of any meeting must state the time and place of the meeting.

4. Quorum and Voting Requirements .

(a) A quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast on a matter are present, in person or by proxy, at the beginning of the meeting.

(b) Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws or by statute, action on all matters, except election of the Board of Directors, coming before a meeting of the Members at which a proper quorum is in attendance, in person or by proxy, is approved if the votes cast favoring such action exceed the votes cast opposing such action.

5. Proxies . At all meetings of Members, Members may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and automatically cease upon conveyance of the Member's Lot; however, the proxy may be made irrevocable for a particular person or entity, including a mortgagee, for a specified period of time.

6. Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of the Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter which sets forth each proposed action and provides an opportunity to vote for or against each proposed action. Approval by written ballot is 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. Solicitations for vote by written ballot must be accompanied by written information sufficient to permit a Member to reach an informed decision on the matter and must specify:

- (a) the number of responses needed to meet the quorum requirements;
- (b) the percentage of approvals necessary to approve each matter other than election of the directors; and
- (c) the time by which a ballot must be received in order to be counted.

ARTICLE IV BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

1. Number. The Board of Directors shall consist of three (3) persons, except that the Board which shall serve until 25% of the total number of Lots that may be included in the declaration have been conveyed to Owners other than Declarant shall consist of two (2) directors. Directors shall be Members and in the case of any Members who are not natural persons, may include the officers, directors, partners, and members of each such Member. The number of directors may be changed from time to time by a vote of the Board of Directors; provided, that, except as provided above, the number of directors may not be greater than nine (9) nor less than three (3).

2. Term of Office . At the first annual meeting of the Members, the Members shall elect the directors and each director shall serve a term of one year; until the next annual meeting.

3. Removal . Any director may be removed from the Board, with or without cause, by the vote of a majority of a quorum of the Members, voting in person or by proxy, at a meeting called by the Board for that purpose. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor.

4. Compensation . No director shall receive compensation for any service rendered to the Association. However any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

1. Nomination . Nomination for election to the Board of directors shall be made by any Member at large at the annual meeting of the Members.

2. Election . Election to the Board of Directors shall be by secret written ballot at the annual meeting of the Members. At such elections 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.

ARTICLE VI MEETING OF THE BOARD OF DIRECTORS

1. Regular Meetings . Regular meetings of the Board of Directors shall be held at intervals and at such place and hour as may be fixed from time to time by the Board of Directors.

2. Special Meetings . Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days notice to each director.

3. Quorum: Actions of Board of Directors . A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made, by a majority of a quorum of the directors present, in person or by proxy granted to another director, at a duly held meeting shall be regarded as the act of the Board of Directors.

ARTICLE POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. Powers. The Board of Directors shall have the power to:

(a) Suspend the voting rights of any Member if such Member is in default in the payment of any assessment levied by the Association.

(b) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws or Articles of Incorporation.

(c) Declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(d) Employ an independent contractor or other employees as they may deem necessary and prescribe their duties.

2. Duties. It shall be the duty of the Board of Directors to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members.
- (b) Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.
- (c) Fix the amount of the annual assessment against each Lot and send written notice of such assessment to every Owner subject thereto at least 15 days in advance of each annual assessment period.
- (d) Collect all assessments not paid within thirty (30) days after the due date or bring action at law against any and all persons personally obligated to pay the same.
- (e) 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. A reasonable charge, not to exceed \$5.00, may be made for the issuance of these certificates. No charge will be made for a verbal answer as to whether or not any assessment has been paid. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- (f) Maintain the Common Area and/or Association Maintenance Area as may be necessary for the use, enjoyment, health and safety of the Owners.
- (g) Procure and maintain insurance, as more fully provided for in Article IV of the Declaration.

ARTICLE VIII

RIGHTS OF THE ASSOCIATION

This Association may exercise any and all rights or privileges given to it under the Declaration, the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

ARTICLE IX

OFFICERS AND THEIR DUTIES

- 1. Enumeration of Officers. The officers of the Association shall be president, vice-president, who shall at all times be Members of the Board of Directors a secretary and a treasurer and such other officers as the Board of Directors may from time to time by resolution create.
- 2. Election of Officers. The election of officers shall take place at a meeting of the Board of Directors following each annual meeting of the Members.

3. Term. The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless the officer shall sooner resign or shall be removed, or shall otherwise be disqualified to serve.
4. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may, from time to time determine.
5. Resignation and Removal. Any officers may be removed from office, with or without cause, by the Board of Directors. Any officer may resign at any time by giving written notice to the Board of Directors, the president of the secretary/treasurer. Such resignation shall take effect on the date of receipt of such notice or any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder term of the officer replaced.
7. Multiple Offices. The office of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices being created pursuant to Section 4 of this Article.
8. Duties. The duties of the officers are as follows:

President: The president shall preside at all meetings of the Board of Directors and Members; shall see that orders and resolutions of the Board are carried out; shall sign all contracts and other written instruments ; and shall co-sign or authorize a designated agent to co-sign promissory notes and checks of the Association.

Vice President: The vice-president shall act in the place and stead of the president in the event of the president's absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of the vice-president by the Board.

Secretary: The secretary or a designated agent shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board of Directors and of the Members; shall keep appropriate current records showing the Members of the Association together with their addresses and shall perform such other duties as require by the Board of Directors.

Treasurer: The treasurer or a designated agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign or authorize a designated agent to sign promissory notes and checks of the Association; shall keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association, including the Articles of the Association and the Bylaws, shall at all times, during reasonable business hours, be subject to inspection by any Member.

ARTICLE XI

ASSESSMENTS

Each Member is obligated to pay the Association annual and special assessments. Any assessments which are not paid when due become delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of 15% per annum, or at such other rate (not to exceed the applicable usury rate provided by law) as may be set by the Board from time to time. The Association may bring an action at law against any or all of those person(s) personally obligated to pay any such amounts, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive otherwise escape liability for the assessments provided for herein by non-use of the Parks and Common Areas, or abandonment of his Lot.

The Board of Directors may fix the annual assessment at an amount reasonably calculated to be sufficient to pay the costs of improvements, maintenance and water irrigation of the Parks and Common Areas and for the annual liability of the Association for the charges payable to the City of Montrose for the irrigation water and other costs of operating the Association.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in a circular form having within its circumference the words "American Village Subdivision Property Owners Association, Inc."

ARTICLE XIII

AMENDMENTS

The Bylaws may be amended, at a regular or special meeting of the Members, by a vote of majority of a quorum of Members present in person or by proxy.

ARTICLE XIV

CONFLICTS OF PROVISIONS

In case of any conflict between the Declaration, the Article of Incorporation or the Bylaws of the Association, the Declaration shall control. In case of a conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

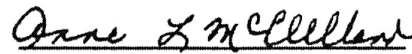
ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall be as determined by the Board of Directors.

IN WITNESS WHEREOF, we being the Directors of American Village Subdivision Property Owners Association, Inc. have hereunto set our hands this 10TH day of April 2001.





I, the undersigned, do hereby certify that: That I am the duly elected and acting secretary of American Village Subdivision Property Owners Association, Inc., a Colorado non-profit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 10TH day of April 2001.

IN WITNESS WHEREOF, I have subscribed my name and affixed the seal of said Association this 10TH day of April 2001.

