



ORIGINAL COVENANTS
FOR THE LOST VALLEY OF THE SAN JUANS SUBDIVISION (AMENDED)

The following protective covenants apply to the Lost Valley of the San Juans Subdivision, Units One and Two, which are legally described within the records of the Mineral County Records office located in Creede, Colorado.

1. All lots or tracts in the hereinabove described lands shall be used for residential purposes only. No building shall be erected, altered, placed or permitted to remain on any lot which is other than one single family dwelling, plus private garage and a detached single family guest house for the convenience, and not for rental purposes, of the owner.
2. No lot or tract in the hereinabove described lands may be subdivided into any smaller lots unless, after each subdivision, each such smaller lot contains at least five acres.
3. No building, fence patio or structure shall be erected on any lots until the plans for such structure have been delivered to and approved by the Architectural Committee appointed by the Board, and the same approved by the Board. The matters to be considered in giving such approval shall be the location of the proposed structure after completion, size, materials, overall appearance and the length of construction period. The approval shall not be unreasonably withheld by the Board, and disapproval shall be accompanied by a specification of the unsatisfactory item(s) and suggestions for change, which, if adopted would be approved. Approval or disapproval shall be given within thirty days of submission of plans. It shall be the general purpose of the Board to provide for the maintenance of a high standard of architecture and general construction in such a manner as to enhance aesthetic properties and compatibility with the subdivision as a whole.
4. An easement covering an area ten feet in width and adjacent to the exterior boundary lines of all lots or tracts within the hereinabove described lands is reserved for installation and maintenance of utility lines, including electric power, gas, telephone and TV cables and water and sewer lines, together with perpetual right of ingress and egress for installation, maintenance and replacement of such lines.
5. No noxious or offensive activity shall be conducted on any lot, nor shall anything be done thereon which may be, or become an annoyance or nuisance to the owner of any other lot or tract. No hunting, gun target shooting, or fireworks are allowed in the subdivision.
6. Dogs and cats may be kept on the lots as household pets. No other animals, livestock, or poultry may be kept any place within the hereinabove described



lands, with the exception of pleasure riding animals which can be kept in unit one, and will be allowed only on a single Unit Two Lot exceeding five acres.

7. No advertising signs (except one of not more than two square feet "For Sale" sign per parcel) shall be erected, placed, or permitted on any parcel without the express written consent of the Architectural Committee.
8. All trash, garbage and other debris shall be promptly hauled away from the hereinabove described lands.
9. Any permanent structure designed for human habitation must contain at least one bathroom installed within the confines of the permanent structure; said bathroom is to contain at least one water closet, lavatory, bathtub and/or shower stall facilities. No outside toilets or privies shall be allowed to service any permanent structure for human habitation. New construction, modifications and remodeling shall be approved by the Architectural Committee prior to initiation.
10. No motor or power boats of any kind shall be allowed on the lakes. Vehicle use is restricted to subdivision roads and the operator's own property. Driving across dams is prohibited. No speeding (in excess of 10mph), reckless, destructive or nuisance operation is allowed.
11. No camping, whether by trailer, camper, tent, etc. shall be allowed on any lot or tract in the subdivision excepting weekends, and three two-week periods per year. All camping facilities must be removed from the property at the end of each camping period. Camper trailers or motor homes may be used for housing at the building site during the period of construction of a house, as long as the period of construction does not exceed one year.
12. Outside watering is limited to hand watering only.
13. The covenants shall run with all of the above described lands and shall be binding on all present and future lot owners, their successors and assignees. No change however, shall be effective which prohibits or limits use of any lot or tract which existed subsequent to formation of the Lost Valley Property Owners Association, unless the affected owner of such lot or tract shall have agreed to such change.



BYLAWS
Of
LOST VALLEY OF THE SAN JUANS PROPERTY OWNER'S ASSOCIATION

ARTICLE I

PURPOSES

Section 1.1 Introduction. The Lost Valley of the San Juans Property Owner's Association ("**Association**") is a Colorado Nonprofit Corporation formed pursuant to Colorado law, subject to Colorado Revised Nonprofit Corporation Act of the State of Colorado, the Declaration of Covenants of the Lost Valley of the San Juans and the Articles of Incorporation as filed with the Colorado Secretary of State.

Section 1.2 Purposes. The specific and primary purposes of this corporation are set forth in the Articles of Incorporation and Declaration of Covenants.

ARTICLE II

DEFINITIONS

Section 2.1 Definitions. Unless otherwise defined, or the context requires otherwise, the following terms are defined as set forth below:

- (a) "Articles of Incorporation" shall mean the Articles of Incorporation of the Lost Valley of the San Juans Property Owner's Association, as amended from time to time, filed with the Colorado Secretary of State.
- (b) "Association" shall mean the Lost Valley of the San Juans Property Owner's Association, a nonprofit corporation existing under the Colorado Revised Nonprofit Act.
- (c) "Association Property" shall mean property which the Association shall own and control.
- (d) "Board" shall mean the Board of Directors of the Association.
- (e) "Bylaws" shall mean the Bylaws of the Lost Valley of the San Juans Property Owner's Association, as amended from time to time.
- (f) "Common Areas" shall mean that portion of the Association Property consisting of greenbelts, including picnic areas and parks, designated as Common Areas in the Declaration or on any plat of the Community.
- (g) "Common Facilities" shall mean that portion of the Association Property consisting of facilities and improvements on all property owned by the Association.
- (h) "Community" shall mean all of the real property subject to the provisions of the Declaration of Covenants. The Community is a Planned Community under applicable provisions of the Colorado Common Interest Ownership Act. "Unit" shall mean separate areas of the Community as enumerated below. The Community has been divided by the original developer into the following two units under one set of covenants:
 - (i) Lost Valley of the San Juans Unit 1
 - (ii) Lost Valley of the San Juans Unit 2



- (I) "Concession" shall mean the right to operate a business on POA property as may be negotiated and granted under contracts of limited duration, that the Board may execute.
- (j) "Consolidated Lot" (or the commonly used equivalent term, Plat Vacation) shall mean that two or more previously existing contiguous Lots that have been combined into one Lot, following official Mineral County procedures, and then duly recorded as a new map or plat.
- (k) "Covenants" or "Declaration" or "Declaration of Covenants" shall mean all limitations, restrictions, covenants, terms and conditions set forth in the Declaration of Covenants for the Lost Valley of the San Juans, recorded in the Office of Recorder of the County of Mineral, as may be amended from time to time.
- (l) "Governing Documents" shall mean the Declaration, the maps or plats of the properties subject to the Declaration, the Articles of Incorporation, the Bylaws, and any rules and regulations of the Association, as all of the foregoing may be amended from time to time.
- (m) "Lot" shall mean any Lot designated on a duly recorded current Community Map of plat, covered by the Declaration of Covenants. In the initial governing documents for the Community, residential Lots were referred to variously as home sites or Lots or single-family residential sites, but shall hereinafter be referred to only as Lots.
- (n) "Member" as used herein shall mean any person having legal or equitable title to any Lot.
- (o) "Member in Good Standing" is any Owner whose dues, interest, liens, fines, collection fees, late charges, attorney fees and any other assessments are paid up and current. Being a Member in Good Standing is a qualification for eligibility to vote in an Association election or referendum.
- (p) "Owner" shall mean the person or entity holding the legal or equitable title to a Lot, which term shall include but not be limited to purchasers under an Acceptance and Agreement or purchase contract.
- (q) "Quorum" As used in these documents, a quorum has two definitions. Within the Bylaws, in order to hold a membership meeting, a "Quorum" means 20% of the membership in good standing. (See Article V, section 5.4) Within the Covenants, in order to amend the Covenants, a quorum is defined as 30% of all eligible members. (See Covenants, Article IV, section 4.2).
- (r) "Person or Entity" shall mean and include any individual, corporation, partnership, association or other legal entity recognized by the laws of the State of Colorado.

ARTICLE III

PRINCIPAL OFFICE

Section 3.1 Principal Office. The principal office of the Association shall be located at such place in Mineral County as the Board shall from time to time designate by resolution. The Association shall file a notice of any change of principal office with the Colorado Secretary of State on the forms prescribed by that office.

ARTICLE IV

MEMBERSHIP

Section 4.1 Membership. Each Owner of a Lot under the Declaration of Covenants shall be a Member of the Association. There shall be one (1) vote per Lot. Plat vacation or consolidation of Lots in the Community does not negate the Covenants. Owners of Consolidated Lots shall be entitled to one (1) vote regardless of the number of Lots consolidated.



Section 4.2 Membership Rights. A Membership Register shall be maintained in the office of the Association, with the name and address of each Member and the unit and lot number of the Lot(s) owned.

Section 4.3 Voting. If more than one person owns a lot, all of said personal shall be deemed to be Members. Regardless of the number of Members, there shall be one(1) vote assigned to each Lot. Fractional voting by multiple Owners of a Lot shall be prohibited.

Section 4.4 Membership Qualifications. The Association shall have the right to demand proof of Lot ownership prior to accepting a persona or entity as a Member.

Section 4.5 Books and Records. The books and records of the Association shall be available for inspection and copying by any Member of the Association upon written request of the Member at least five working days before the date on which the Member wishes to inspect and copy such records, according to the provision of the Colorado Revised Nonprofit Corporations Act. Records which are designated confidential pursuant to a confidentiality policy adopted by the Board of Directors shall not be open to such review. Any Member requesting copies of records shall pay the cost of copying and/or reproduction.

Section 4.6 Rules of Order. The current edition of Robert's Rules of Order shall prevail in all matters not specified in these Bylaws.

ARTICLE V

MEMBERSHIP MEETINGS

Section 5.1 Annual Meeting. There shall be an annual meeting of the Members on the Saturday following the 4th of July of each year, or at such other time as set by the Board of Directors. The meetings of the Members shall be at the designated meeting place of the Association within the Community, or at such other reasonable place and at a time as may be designated by notice of the Board. Membership approval of the budget will be at the annual meeting.

Section 5.2 Special Meetings. Special membership meetings may be called at any time to consider any reasonable business of the Association. Said meetings shall be called by notice to the membership, signed by a majority of the Board or by Members in Good Standing having twenty percent (20%) of the total votes of the Members in Good Standing, and mailed to the Members not less than ten (10) days or not more than fifty (50) days prior to the date fixed for said meeting. The notice, which may be included in the official publication of the Association or by circular, shall specify the date, time and place of the meeting and the matters to be considered at the special meeting. The place of such special meetings shall be at the office of the Association, or at such other reasonable place within the county, as designated by the persons calling same the meeting. Notice may be given by any means permitted under the Colorado Revised Nonprofit Corporation Act, including but not limited to, first class mail, e-mail, facsimile and publication.

Section 5.3 Membership List. A list of Members of record shall be prepared not more than 70 days before each election, and this list will be used to determine eligibility to vote in that election.

Section 5.4 Quorum. The presence at any meeting, in person or by proxy, or by absentee ballot, of the Members in Good Standing having at least twenty percent (20%) of the total votes of the membership in good standing shall constitute a quorum. If a quorum is not met at a meeting, such meeting shall be adjourned to a time not less than forty-eight (48) hours, nor more than thirty (30) days, after the time the original meeting was called.

Section 5.5 Attendance/Voting. Any Member may attend and vote (if a Member in Good Standing) at meetings or cast his ballot, as the case may be, in person, or by proxy holder duly appointed by a written proxy signed by the Member and filed with the Secretary of the Association.



Section 5.6 Multiple Owners of a Lot/Voting. If only one of several Owners of a lot is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Lot. If more than one of the Owners is present, the vote allocated to the Lot may be cast only in accordance with the agreement of a majority of those Owners. Majority agreement exists if any one of the Owners casts the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by another Owner of the same Lot. Fractional voting by multiple Owners of a Lot is prohibited.

Section 5.7 One Class of Membership. The Association shall have but one class of voting membership.

Section 5.8 Majority Vote. Unless otherwise provided in these Bylaws or in the Declaration of Covenants, a vote of a majority of the votes present at any meeting, in person, absentee ballot, or by proxy, or a vote of a majority of the votes cast, by Members in Good Standing, cast shall prevail with respect to any issue presented to the membership.

Section 5.9 Elections of Directors/Votes on Other Items. Any vote for the election of Directors shall be by written ballot in a form prescribed by the Board, unless there is only one candidate running for each vacancy, in which case the vote may be accomplished by consensus. Written ballots must be received by, or presented in person at the annual membership meeting. All other issues may be presented at any meeting for a vote by the Members in Good Standing constituting a quorum. Such questions shall be voted upon by written ballot, or as otherwise determined at that meeting.

Section 5.10 Directors to be Elected. At each annual meeting of the Members, the Member shall elect Director(s) to fill vacant position(s) on the Board for the next three (3) years or for the un-expired period of the term of a Director who has left the Board prior to the expiration of his or her term, for any reason. The candidates receiving the highest number of votes for the vacant position(s) shall be deemed elected.

Section 5.11 Proxies. The vote allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. All proxies shall be in writing and filed with the Secretary or designee of the Association. If a Lot is owned by more than one person, each Lot Owner of the Lot may vote or register protest to the casting of the vote by the other Owners of the Lot through a duly executed proxy. A Lot Owner may revoke a proxy given under this section only by actual notice of revocation to the person residing over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it specifies a shorter term or a specific purpose.

ARTICLE VI

VOTING WITHOUT MEMBERSHIP MEETINGS

Section 6.1 Voting By Mail. Any matter or issue requiring the vote of the Members, other than the election of directors, or a vote to change the Declaration of Covenants, Articles or Incorporation, Bylaws or dissolution and/or transfer of assets of the Association, may be submitted for vote by written ballot, without a meeting of the Members, through the following procedures. The determination to conduct a vote in this fashion (that is, by a written, mail-in ballot) shall be made by (a) a majority of the Board, or (b) by Members having 10% of the total votes of the membership in good standing, signing a written request and delivering the request to the Secretary of the Association. In the event of such a vote, the Board shall give written notice of the vote, specifying the time and place where the ballots are to be tallied, and the question or questions to be voted upon. This notice shall be mailed to the Members at least thirty (30) days prior to the date that the ballots are to be received and counted, and shall include the form of ballot to be used. A list of Members of record shall be prepared not more than 70 days before each election, and this list will be used to determine eligibility to vote in that election. A quorum shall be considered present when votes from at least twenty percent (20%) of Members in Good Standing are received for any questions to be voted upon. A majority of total votes cast shall decide any question. The Board shall notify the Members of the outcome of the question. The Board shall notify the Members if a quorum is not reached.



ARTICLE VII

RENTERS OR LESSEES

Section 7.1 Responsibility of Owner for Compliance of Tenant. Any Owner having a renter or lessee using his or her property shall be responsible for that person or persons abiding by all the Bylaws, Declaration of Covenants and the rules and restrictions established by the Board. The Board may adopt rules and regulations requiring an Owner to include in any lease, the right of the Association to evict a tenant for failure to abide by the Bylaws, Declaration of Covenants, and the rules and regulations of the Association.

ARTICLE VIII

BOARD OF DIRECTORS

Section 8.1 Board Authority/Number. The corporate powers of the Association are vested in, and shall be exercised by, the Board consisting of at least five (5) Members. The number of Directors may be changed by an amendment to these Bylaws.

Section 8.2 Directors shall serve a term of three (3) years or until their respective successors are elected, or until their death, resignation or removal, whichever is the earlier. Terms shall be staggered.

Section 8.3 Vacancies on the Board of an elected Director shall be filled by a majority vote of the remaining directors, even if they should constitute less than a quorum. Each director so elected by the Board shall serve until the successor is elected by the Members at the next annual election for the remainder of the term vacated by the director.

Section 8.4 One or more Directors or the entire Board of Directors may be removed at a Special Meeting of Members called pursuant to these Bylaws at which at least a quorum is present. Directors may be removed, with or without cause, by a vote of a majority of the Members present in person or by proxy at the Special Meeting. Notice of a Special Meeting of the Members to remove Directors shall be provided to every Member of the Association, including the Directors sought to be removed, as set forth in these Bylaws. Directors sought to be removed shall have the right to be present at such meeting and shall be given the opportunity to speak to the Members prior to a vote to remove being taken. In the event of removal of a Director, his or her successor shall be elected by the Members at this meeting and shall serve for the un-expired term of his or her predecessor. In the event of the removal of the entire Board, new Board Members shall be elected by a vote of a majority of the Members present in person or by proxy. Directors so elected by a vote of a majority of the Members present in person or by proxy. Directors so elected shall serve the un-expired term of his or her predecessor.

Section 8.5 Qualifications.

(a) A director must be a Member in Good Standing.

(b) A director must have been nominated by the Nominating Committee, or as a consensual write-in on the ballot or by petition with twenty five (25) signatures of Members in Good Standing and submitted to the Board of Directors sixty five (65) days prior to the annual meeting. No director shall have a conflict of interest.

Section 8.6 Compensation. No Member of the Board of Directors shall receive any compensation from the Association for acting as such unless approved by a majority of the votes in the Association at a regular or special meeting of the Association. Any Member of the Board of Directors may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Members of the Board of Directors. Nothing in these Bylaws shall prohibit the Association from compensating a Member of the Board of Directors, or any entity with which a Member of the Board of Directors is affiliated, for services



or supplies furnished to the Association in a capacity other than as a Member of the Board of Directors pursuant to a contract or agreement with the Association, provided that such Member of the Board of Directors' interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of the Board of Directors, excluding the interested Members of the Board of Directors.

ARTICLE IX

BOARD MEETINGS

Section 9.1 Regular Meetings/Organizations Meeting. Business meetings of the Board shall normally be called as necessary or as business requires it. Membership shall be notified of the meeting dates. Additional meetings of the Board may be called by the President if business and affairs of the Association so dictate. Following the annual membership meeting of the Members and election of directors, the Board will reorganize and elect its officers at the next meeting of the Board. Members are welcome to attend meetings of the Board.

Section 9.2 Quorum. A quorum of Directors shall be a majority of the Directors present at any Board meeting.

Section 9.3 Special Meetings. Special meetings of the Board shall be held when called by any two (2) directors after not less than three (3) days prior written notice, unless such notice is waived in writing by all of the Directors. Such a signed waiver shall be filed with the minutes of the Board meeting in question.

Section 9.4 Action Without a Meeting/Consent. The Board may act without a meeting if a majority of the Board shall individually or collectively consent in writing to such action. Such consent shall be filed with the minutes of the Board.

Section 9.5 Action Without a Meeting/Vote Required. The Directors shall have the right to take any action in the absence of a meeting, which they could otherwise have taken at a meeting, by obtaining the written vote of all of the Directors, with at least a majority of the Directors approving the action, provided that those Directors who vote "no" or abstain from voting have waived notice of a meeting in writing. Any action so approved shall have the same effect as though taken at a meeting of the Directors. The Secretary shall file such consents with the minutes of the meetings of the Board of Directors.

Section 9.6 Notice/Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

ARTICLE X

DUTIES AND POWERS OF THE BOARD

Section 10.1 General Authority/Specific Powers and Duties. The Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws, the Colorado Common Interest Ownership Act or the Colorado Revised Nonprofit Corporations Act. No Board Member may act on behalf of the Board without the knowledge and consent of the Board. The Board shall have, subject to the limitations contained in the Declaration, and those Acts, the powers and duties necessary for the administration of the affairs of the Association and of the Community, and for the operation and maintenance of the Community as a first class residential property, including the following powers and duties:

(a) To exercise all powers vested in the Board under these Bylaws, the Articles of Incorporation, the Declaration of Covenants, and under the laws of the State of Colorado;



- (b) To appoint and remove all Officers of the Association as it sees fit;
- (c) To appoint and employ an Executive Director or General Manager. He or she shall, subject to the control of the Board, have general supervision and direction of the affairs of the Association, to the extent consistent with the laws of the State of Colorado;
- (d) To appoint and employ, in consultation with the Executive Director, such agents, including attorney(s) and accountants, as it sees fit to assist in the operation of the Association, and to fix their duties and to establish their compensation;
- (e) Subject to the provisions of the Declaration of Covenants, the Articles of Incorporation, and these Bylaws adopt and establish rules and regulations governing the use of the Association Property and other rules and regulations relating to health and safety in the Community, and to assess fines as it deems necessary for the enforcement of such rules and regulations;
- (f) To enforce all applicable provisions of the Declaration of Covenants and the Articles of Incorporation, these Bylaws and all other regulations relating to the control, management and use of the Association Property within the Community;
- (g) Contract and pay premiums for fire, casualty, liability, and other insurance and bonds (including indemnity bonds) which may be required from time to time by the Association;
- (h) Impose and receive a payment, fee or charge for services provided to an Owner(s) and/or for the use, rental or operation of any part of the Association Property;
- (i) Contract for and pay for maintenance, landscaping, utilities, materials, supplies, labor and services, that may be required from time to time in relation to Association Property within the Community;
- (j) Pay all taxes, special assessments and other assessments and charges which are or would become a lien on Association Property;
- (k) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or rules in the Association's name, on behalf of the Association or Two (2) or more Owners on matters affecting the Community;
- (l) To contract for and pay for construction or reconstruction of Association Property damaged or destroyed;
- (m) If and when the Board deems it appropriate, to grant Concessions to be operated, in conjunction with the use of the Association Property, provided, however, any such concession shall not exceed a term of one(1) year without the prior approval of the membership;
- (n) To establish and levy assessments, as provided for under the Declaration and as budgeted, on all Members of the Association and to collect same and to establish and collect reasonable use charges in accordance with the Declaration for the use of any or all of the Association Property;
- (o) Regulate the use, maintenance, repair, replacement and modifications of Common Areas and Common Facilities;
- (p) To perform all acts required of it under the Declaration of Covenants and the Articles of Incorporation, and these Bylaws including but not limited to the collection of appropriate membership assessments (membership dues), fees and fines;
- (q) Provide for the indemnification of the Association's Officers and Directors and maintain professional liability or "D&O" liability insurance;



(r) To maintain a full set of books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles. At no greater than annual intervals obtain an independent audit of such books, a copy of which will be made available to each Member sixty (60) days after the audit is received and accepted by the Board;

(s) No Member of the Board of Directors shall received compensation from the Association for acting as such unless approved by a majority of the votes in the Association at a regular or special meeting of the Association. Any Member of the Board of Directors may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Members of the Board of Directors. Nothing in these Bylaws shall prohibit the Association from compensating a Member of the Board of Directors, or any entity with which a Member of the Board of Directors is affiliated, for services or supplies furnished to the Association in a capacity other than as a Member of the Board of Directors pursuant to a contract or agreement with the Association, provided that such Member of the Board of Directors' interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested Members of the Board of Directors.

(t) To appoint a Nominating Committee and to prescribed the rules under which this Committee is to act. The Nominating Committee shall consist of at least three (3) Members in Good Standing. Appointments shall be on a three-year rotation. The committee will be appointed by the Board as soon as possible after the annual meeting. The purpose of said Nominating Committee shall be to present nominees for election at the next election to fill vacancies on the Board. The Nominating Committee shall prepare a slate of eligible persons which shall be presented to the membership for a vote for the appropriate number of directors necessary to fill the vacancies on the Board. Nomination by petition with twenty-five (25) signatures of Members in Good Standing may be submitted to the Board of Directors for approval sixty five (65) days prior to the annual meeting election;

(u) To appoint (subject to removal) the Environmental and Architectural Committee (EAC) which shall be comprised of at least three Members in Good Standing appointed by the Board of Directors. Appointments to this committee shall be on a three-year rotation.

(v) To appoint a Compliance Violation Appeals Panel composed of Members in Good Standing, which will have the authority to resolve any dispute over covenant compliance violation measures, such as fines;

(w) To appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association. And,

(x) To establish, adopt and, when needed, modify several sets of rules, regulations, policies and procedures designed to further and enhance the quality of life in the Community under the Declaration of Covenants, as follows:

(I) Rules for the Lost Valley of the San Juans Community, Owners, Renters and Guests;

(ii) Policies and Procedures for the Environmental and Architectural Committee;

(iii) A Compliance Code for the Lost Valley of the San Juans that may specify a set of due-process steps to deal with breach or non-compliance of the Community Covenants, including fines for such non-compliance;

(iv) Such other rules, regulations, policies or procedures deemed necessary or desirable by the Board of Directors. These rules, regulations, policies and procedures are subject to change by the Board of Directors, pursuant to these Bylaws. The Board has the right to make changes at any time without prior notice. Such changes shall be communicated to the Members in a timely fashion;



In particular, pursuant to its responsibilities to enhance health, well being and safety in the Community, the Board may consult with the local Fire District about fire hazard mitigation, and accept and promulgate its recommendations as part of the Community rules (above) or as recommendations to Owners and residents.

ARTICLE XI

OFFICERS

Section 11.1 Enumeration of Officers. The officers of the Association shall be Members of the Association in Good Standing and shall consist of a president, vice president, a secretary and a treasurer. The Association may also have, at the discretion of the Board one or more assistance secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with these Bylaws. One person may hold two or more or more offices, except that the offices of president and secretary shall not be held by the same person.

Section 11.2 Appointment of Officers. The officers shall be appointed by the Board of Directors at the organizational meeting of each new Board of Directors. The Officers shall hold office at the pleasure of the Board of Directors.

Section 11.3 Additional Officers. The Board may appoint, and may empower the President to appoint other officers such 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 are provided in the Bylaws or as the Board may from time to time determine.

Section 11.4 Resignation and Removal. Any officer may resign at any time by giving written notice to the Board or to the President or to the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any officer may be removed, with or without cause, by the Board.

Section 11.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by election by the Board. An office of the Association shall be deemed vacant if the person who is duly elected or appointed to the Board fails to attend five (5) consecutive scheduled meetings without the Board's approval for the absence except that such absence shall be excused for temporary mental or physical disability or illness. A scheduled meeting is any meeting established by notification given to the Board at least seven calendar days in advance.

Section 11.6 President. The President shall be elected by the Board from among the directors. The President shall preside at all meetings of the Board, and shall have the general powers and duties of management usually vested in the office of President of a corporation, together with such other powers and duties as may be prescribed by the Board of these Bylaws.

Section 11.7 Vice President. The Vice President shall be elected by the Board from among the directors. In the absence of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. He or she shall have such other powers and perform such other duties as from time to time may be prescribed by the Board or these Bylaws.

Section 11.8 Secretary. The Secretary shall be elected by the Board of Directors from among the directors. The Secretary shall keep or cause to be kept, at the principle office or such other place as the Board may order, a book of minutes of all business meetings of the Directors and Members, with the time and place of holding same, whether regular or special, and , if special, how authorized, the notice given, the names of directors present at meetings, the number of Members present in person, by absentee ballot, or by proxy at membership meetings, and the proceedings thereof. The Secretary shall keep, or cause to be kept, appropriate current records showing the Members of the Association, together with their addresses. The



Secretary shall give, or cause to be given, notice of all meetings of the Board required by the Bylaws or by law to be given, and the Secretary shall keep the seal of the Association in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 11.9 Treasurer. The Treasurer shall be elected by the Board of Directors from among the Directors. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, and receipts and disbursements. The books of accounts shall at all reasonable times be open to inspection by any director or Member. The Treasurer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse, or cause to be disbursed, the funds of the Association as may be ordered by the Board, shall render to the President and directors, whenever they request it, an account of all of the Treasurer's transactions and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

Section 11.10 Delegation. The duties of any officer may be delegated to the manager or another Board of Directors member; provided, however, the officer shall not be relieved of any responsibility under these Bylaws or under Colorado Law.

Section 11.11 Agreements, Contracts, Deed, Checks, Etc. Except as provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designed by the Board of Directors. Majority Board authorization required for all Property Owner Association contracting, borrowing, purchasing, and binding agreements.

Section 11.12 Statements of Unpaid Assessments. The Treasurer, Assistance Treasurer, a Manager employed by the Association, if any, or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments in accordance with Section 316 of the Act. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. Any unpaid fees may be assessed as a Common Expense against the Lot for which the certificate or statement is furnished.

Section 11.13 Compensation; Compensation of officers shall be subject to the same limitations as imposed in these Bylaws on compensation of Members of the Board of Directors.

ARTICLE XII

AMENDMENTS

Section 12.1 Amendments. The Articles of these Bylaws may only be amended or repealed, and new Bylaws adopted by a majority vote of Member in Good Standing with at least a quorum voting.

Section 12.2 Restrictions on Amendments. No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any Security Interest covering any Lot, or which would materially change the provisions of the Bylaws with respect to a first lien Security Interest or the interest of an Institutional mortgagee of record.

ARTICLE XIII

INDEMNIFICATION

Section 13.1 Actions Other Than By or In the Right of the Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an



action by or in the right of the Association) by reason of the fact that he or she is or was a Member of the Board of Directors or Officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees, attorneys' fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determinations of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful.

Section 13.2 Actions By or In The Right of The Association. The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a Member of the Board of Directors or Officer of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Association; but no indemnification shall be made with respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought, determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 13.3 Successful on the Merits. To the extent that a Member of the Board of Directors, manager, Officer, project Manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding as above referred to and allowed, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred him or her in connection therewith.

Section 13.4 Determination Required. Any indemnification under the first two sections of this Article (unless ordered by a court) and as distinguished from the third section of this Article, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the Member of the Board of Directors or Officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth above. Such determination shall be made by the Board of Directors by majority vote of a quorum consisting of those Members of the Board of Directors who were not parties to such action, suit or proceeding or, if a majority of disinterested Members of the Board of Directors so directs, by independent legal counsel in a written opinion or by members entitled to vote thereon.

Section 13.5 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current Member(s) of the Board of Directors or Officer who is a party to a proceeding in advance of final disposition of the proceeding if the Member(s) of the Board of Directors or Officer furnishes to the Association a written affirmation of the Member(s) of the Board of Directors' good faith belief that he or she has met the standards of conduct described in the first two sections of this Article, the Member(s) of the Board of Directors or Officer furnishes to the Association a written understanding, executed personally or on the Member(s) of the Board of Directors' or Officer's behalf, to repay the advance if it is ultimately determined that the Member(s) of the Board of Directors or Officer did not meet the standards of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this article. The undertaking required in this paragraph shall be an unlimited general obligation of the Member(s) of the Board of Directors or Officer but need not be selected and may be accepted without reference to financial ability to make repayment.



Section 13.6 No Limitation of Rights. The indemnification provided in this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Board of Directors, or otherwise, nor by any rights which are granted pursuant to C.R.S. 38-33.3-101, et seq., and the Colorado Revised Nonprofit Corporation Act, as those statutes may be amended from time to time.

Section 13.7 Members of the Board of Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Member of the Board of Directors or an Officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article.

ARTICLE XIV

DISSOLUTION AND OR TRANSFER OF ASSETS

Section 14.1 Statutes Control. Dissolution of this Corporation shall be in accordance with State statutes.

Section 14.2 Municipality. In the event a municipality or some other quasi-governmental entity is formed that includes any, all, or any part of the Community and assumes some of the functions of the POA, sixty-seven percent of the Members in Good Standing shall have the authority to vote at any membership meeting to transfer any and all Association Property to this municipality or entity.

ARTICLE XV

MISCELLANEOUS

Section 15.1 Notices to the Association. All notices to the Association or the Board of Directors shall be delivered to the office of the manager, or, if there is no manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Lot Owners.


Section 15.2 Any notice or other document permitted or required to be delivered as provided in these Bylaws to an Owner may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered fourteen (14) days after a copy of same has been deposited in the United States mail, postage prepaid, to the last known address of the Owner.

CERTIFICATION

I, the undersigned, do hereby certify that I am duly elected and acting Secretary of Lost Valley of the San Juans Property Owner's Association, a Colorado Nonprofit Corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted at a meeting of Members, held on the 8th day of July, 2006

LOST VALLEY OF THE SAN JUANS PROPERTY OWNERS ASSOCIATION

A Colorado Nonprofit Corporation

BY: 
Secretary



**ORIGINAL COVENANTS
FOR LOST VALLEY OF THE SAN JUANS SUBDIVISION (AMENDED 2008)**

The following protective covenants apply to the Lost Valley of the San Juans Subdivision, Units One and Two, which are legally described within the records of the Mineral County Recorder's office located in Creede, Colorado.

1. All lots or tracts in the hereinabove described lands shall be used for residential purposes only. No building shall be erected, altered, placed or permitted to remain on any lot which is other than one single family dwelling, plus private garage and a detached single family guest house for the convenience, and not for rental purposes, of the owner.
2. No lot or tract in the hereinabove described lands may be subdivided into any smaller lots unless, after each subdivision, each such smaller lot contains at least five acres.
3. No building, fence, patio or structure shall be erected on any lot until the plans for such structure have been delivered to and approved by the Architectural Committee appointed by the Board, and the same approved by the Board. The matters to be considered in giving such approval shall be the location of the proposed structure after completion, size, materials, overall appearance and the length of construction period. The approval shall not be unreasonably withheld by the Board, and disapproval shall be accompanied by a specification of the unsatisfactory item(s) and suggestions for change, which, if adopted would be approved. Approval or disapproval shall be given within thirty days of submission of plans. It shall be the general purpose of the Board to provide for maintenance of a high standard of architecture and general construction in such a manner as to enhance aesthetic properties and compatibility with the subdivision as a whole.
4. An easement covering an area ten feet in width and adjacent to the exterior boundary lines of all lots or tracts within the hereinabove described lands is reserved for installation and maintenance of utility lines, including electric power, gas, telephone and TV cables and water and sewer lines, together with perpetual right of ingress and egress for installation, maintenance and replacement of such lines.
5. No noxious or offensive activity shall be conducted on any lot, nor shall anything be done thereon which may be, or become an annoyance or nuisance to the owner of any other lot or tract. No hunting is to be allowed within the subdivision.
6. Dogs and cats may be kept on the lots as household pets. No other animals, livestock, or poultry may be kept any place within the hereinabove described lands, with the exception of pleasure riding animals which can be kept in unit one, and will be allowed only on a single Unit Two lot exceeding five acres.
7. No advertising signs (except one of not more than two square feet "For Sale" sign per parcel) shall be erected, placed, or permitted on any parcel without the express written consent of the Architectural Committee.
8. All trash, garbage and other debris shall be promptly hauled away from the hereinabove described lands.



9. Any permanent structure designed for human habitation must contain at least one bathroom installed within the confines of the permanent structure; said bathroom is to contain at least one water closet, lavatory, bathtub and/or shower stall facilities. No outside toilets or privies shall be allowed to service any permanent structure for human habitation. New construction, modifications and remodeling shall be approved by the Architectural Committee prior to initiation.

10. No motor or power boats of any kind shall be allowed on the lakes. Vehicle use is restricted to subdivision roads and the operator's own property. Driving across dams is prohibited. No speeding (in excess of 10 mph), reckless, destructive or nuisance operation is allowed.

11. No camping, whether by trailer, camper, tent, etc. shall be allowed on any lot or tract in the subdivision excepting weekends, and three two-week periods per year. All camping facilities must be removed from the property at the end of each camping period. Camper trailers or motor homes may be used for housing at the building site during the period of construction of a house, as long as the period of construction does not exceed one year.

12. Outside watering is limited to hand watering only.

13. The covenants shall run with all of the above described lands and shall be binding on all present and future lot owners, their successors and assignees. No change, however, shall be effective which prohibits or limits use of any lot or tract which existed subsequent to formation of the Lost Valley Property Owners Association, unless the affected owner of such lot or tract shall have agreed to such change.

PROTECTIVE COVENANTS
OF
COLORADO LAND SALES, INC.
AND
LOST VALLEY OF THE SAN JUANS

Exact same as heretofore recorded by Colorado Land Sales, Inc. October 3, 1972; Reception No. 36138, Book No. 110, Page No. 129-130, with the exception of the extension of date of coverage in Article 15.

Lost Valley of the San Juans, being all the land herein described which lies in Mineral County, Colorado, and which is described as follows:

A tract of land being and comprising the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$, and the S $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 34, T37N, R2W, N.M.P.M. within Mineral County, Colorado, comprising approximately 120 acres.

hereby encumbering all lands, except Lots 7, 8, Block 2 and Lot 28, Block 3 as shown on the official plat titled Lost Valley of the San Juans, Unit #2 which was filed on October 3rd, 1972, in Map Book page 100-101, in the office of the County Clerk and Recorder of Mineral County, Colorado, which covenants shall run with the land and restrict its use by all present and future owners;

1. All lots or tracts in the hereinabove described lands shall be used for residential purposes only. No building shall be erected, altered, placed or permitted to remain on any lot which is other than one single family dwelling, plus private garage and plus a detached single family guest house for the convenience, and not for rental purposes, of the owner.

2. No lot or tract in the hereinabove described lands may be subdivided into any smaller lots unless, after such subdivision, each such smaller lot contains at least one acre.

3. No Building, fence, patio or structure shall be erected on any lots until the plans for such structure have been delivered to Colorado Land Sales, Inc. and the same approved by Colorado Land Sales, Inc.. The matters to be considered in giving such approval shall be the position of the proposed structure on the lot, the types of materials to be used in construction, and the general color and appearance of the proposed structure after completion, and the Approval shall not be unreasonably withheld by Colorado Land Sales, Inc. and disapproval shall be accompanied by a specification of the un-

COMPLIMENTS OF
COLORADO LAND TITLE CO.
P. O. BOX 334
SPRING, CO 81147
264-478

satisfactory items and suggestions for change, which, if adopted would be approved. Approval or disapproval shall be given within thirty days of submission of plans. It shall be the general purpose of the said Corporation to provide for the maintenance of a high standard of architecture and general construction in such a manner as to enhance aesthetic properties and structural soundness and the Corporation's decision to allow or deny the construction of any building, fence, patio, or other structure shall be final.

4. An easement covering an area ten feet in width and adjacent to the exterior boundary lines of all lots or tracts within the hereinabove described lands is reserved for installation and maintenance of utility lines, including electric power, gas, telephone and TV cables and water and sewer lines, together with the perpetual right of ingress and egress for installation, maintenance and replacement of such lines.

5. No noxious or offensive activity shall be conducted on any lot, nor shall anything be done thereon which may be, or become an annoyance or nuisance to the owner of any other lot or tract.

6. Dogs and cats may be kept on the lots as household pets. No other animals, livestock, or poultry may be kept anyplace within the hereinabove described lands.

7. No advertising signs (except one of not more than two square feet "for sale" sign per parcel) shall be erected, placed, or permitted on any parcel without the express written consent of Colorado Land Sales, Inc.

8. All trash, garbage and other debris shall be promptly hauled away from the hereinabove described lands.

9. Any permanent structure designed for human habitation must contain at least one bathroom installed within the confines of the permanent structure; said bathroom is to contain at least one water closet, lavatory, bathtub and/or shower stall facilities. No outside toilets or privies shall be allowed to service any permanent structure for human habitation.

10. No motor or power boats of any kind shall be allowed on the lake. Also, no motorcycles will be allowed on herein described property and no pleasure riding on snowmobiles will be allowed on said property. A parking area will be provided by Colorado Land Sales, Inc. for motorcycles.

Filed for record 8-28-91
Book 112-3 Pg. 342-344
Reception No. 52707
Title Records Recorder 10:00AM

11. When central water and sewage systems come into existence, all buildings required to have plumbing, as provided herein, shall be connected to said system(s) at buyers' or owners' expense within six months of the date the system(s) is respectively available for hook-up. After such facilities are available, no construction shall commence unless and until arrangements for hook-up and any connection charge has been paid to the appropriate owners of the systems.

12. No camping, wheather by trailer, camper, tent, etc. shall be allowed on any lot or tract in the subdivision excepting weekends and three two week periods per year. All camping facilities must be removed from the property at the end of each camping period. Trailers may be permitted on a lot or tract during the period of construction of a house, so long as the period of construction does not exceed one year.

13. No tree whose base is over 3 inches in diameter shall be cut except with the permission of Colorado Land Sales, Inc.

14. When seventy-five per cent or more of the lots or tracts in the hereinabove described lands is sold, the owners of such lots or tracts may form a committee of such size and representation as may be agreed on by a majority of such owners, which committee may undertake the obligation imposed on Colorado Land Sales, Inc., by Paragtaph 3 of these covenants and which committee may undertake in behalf of all lot or tract owners, the enforcement of this covenant.

15. The covenants shall run with all of the above described lands and shall be binding on all present and future lot owners, and their successors and assigns, for a period up to and including August 31, 2010. At any time after June 1, 1985, these covenants may be rescinded, changed, or added to by the recording in the Office of the County Clerk and Recorder of Mineral County, Colorado, of an instrument in writing making such rescission, change or addition, which instrument shall be signed under oath by the owners of a majority of the lots or tracts in the hereinabove described lands. No change, however, shall be effective which prohibits or limits a then existent use of any lot or tract unless the owner of such lot or tract shall have agreed unanimously to such change.

COMPLIMENTS OF
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