

BYLAWS OF THE LAKE PURGATORY DRIVE ROAD ASSOCIATION, Inc.

ARTICLE I - Purpose

Section 1. Name. This corporation shall be known as The Lake Purgatory Drive Road Association, Inc. (LPDRA).

Section 2. Purpose. The purpose for which the Corporation is organized is to provide year round road maintenance and repair to the Lake Purgatory Drive road (Road) which commences at its intersection with US Highway 550 in the SW/4 of Section 25, Township 39 North, Range 9 West, N.M.P.M., of the county of La Plata, State of Colorado, continuing for 6771 feet to the Lake Purgatory Property Owners (LPPO) subdivision entrance where the Road terminates. LPPO is also known as Lake Purgatory Subdivision Unit I (Unit I).

ARTICLE II - Membership

Section 1. Membership of Corporation.

- a. LPDRA will be a membership corporation without certificates of shares of stock. There shall be one class of membership for those property owners, their successors and/or assigns whose property is served with ingress and egress, directly and/or indirectly via Lake Purgatory Drive. This includes all property owners in Lake Purgatory Subdivision Unit I, Lake Purgatory Subdivision Unit II (Unit II), and what is commonly known as Lake Purgatory Unit III (Unit III) (Members).
- b. All Members shall be entitled to one vote for each parcel of property they own which directly or indirectly has access to the Road.
- c. Cumulative voting is prohibited.
- d. Any person upon becoming an owner of the real property which is served by the Road shall automatically become a Member of LPDRA and be subject to the Bylaws and entitled to vote. Such membership shall terminate without any formal LPDRA action whenever such person ceases to own such real property.

Section 2. Death or Dissolution of a Member. Upon the death or dissolution of any Member the membership shall automatically pass to his, her or its successor(s) in interest.

ARTICLE III

LPDRA shall have perpetual existence.

ARTICLE IV – Member Meetings

Section 1. Annual Meeting of Members. The Annual Meeting of Members of LPDRA shall be held in July of each year. Notice of the time and place of holding

the Annual Meeting shall be mailed or emailed to each member at least thirty (30) days previous thereto.

Section 2. Special Meetings of Members. Special Meetings of Members may be called by the President at any time on his/her own initiative or by the President or Secretary upon request of five (5) Members to such officer made in writing. Notice of the meeting shall be mailed, or emailed, to each Member at least thirty (30) days previous to the meeting, and at such Special Meeting there shall only be considered such business as is specified in the notice of meeting.

Section 3. Quorum for Members' Meeting. At all meetings of LPDRA, either Annual or Special, Members present and in good standing shall constitute a Quorum. Any Member may bring a motion to have an issue brought before the membership for vote. The motion must be in writing and supported by 5% of the Members via signature. It shall take a 51% majority of the vote of all Members to decide that issue unless the motion involves a change to the Bylaws (see Article XI Section 2).

Section 4. Alternate Means of Appearances. Members may appear at meetings, either Annual or Special, in person, telephonically, by proxy, power of attorney, and at the Board of Director's discretion electronically via the internet.

Section 5. Order of Business. At all meetings of LPDRA, the order of business shall be:

- a. Reading of minutes of immediate prior meeting for information and approval.
- b. Reports of Officers.
- c. Reports of committees.
- d. Unfinished business.
- e. New business.
- f. Election of Board Members. Count of ballots by two (2) Members who are not candidates for the election as appointed by the Board (during election years).
- g. Reading and approval of minutes of meeting just held, if requested.

ARTICLE V – Board of Directors

Section 1. Board of Directors. The general management of the affairs of LPDRA shall be vested in the Board of Directors constituting six (6) Members (the Board)

Section.2 Election of Directors. The directors of LPDRA shall be elected every other year through written ballot sent out 60 days prior to the annual meeting of Members and will serve two (2) year terms. Members in LPPO vote for directors to represent them, while Members in Unit II and Unit III combined (First Mile) vote for their representative directors.

- a. A total of six (6) directors are elected from LPPO and the First Mile based on the amount each group has paid in fees during the prior two years for both road maintenance and snow removal. The formula for determining the number of directors to be elected by LPPO and the First Mile respectively is: (amount paid in prior 2 years / total prior 2 year budget) multiplied by six (6) rounded. To determine the number of Directors from Unit I and the First Mile during the first election under the new Bylaws, the new formula will be applied to the prior two years actual costs.
 1. For example, the LPDRA Members of LPPO pay a combined \$39,000 of a total budget of \$60,000 for the prior two (2) years.
 $\text{ROUND}((\$39,000 / \$60,000) * 6, 0) = 4 \text{ Directors.}$
 2. The LPDRA members of the First Mile paid a combined \$21,000 of a total budget of \$60,000 for the prior two (2) years.
 $\text{ROUND}((\$21,000 / \$60,000) * 6, 0) = 2 \text{ Directors.}$
- b. Nominations for Directors who will appear on the ballot may come from the LPDRA Board of Directors, the LPPO Board of Directors, and nominations from the Members. In order for a nomination to be valid, the person being nominated must have been contacted and must have agreed to serve if elected.
- c. LPPO Members vote for LPPO Members to be Directors, and First Mile Members vote only for First Mile Members to represent them as Directors based on the formula in "a." of this Section.

Section 3. Officers. The Board of Directors shall elect from among their number a President, a Vice President / Road Manager, a Secretary, a Treasurer. The meeting of the Board of Directors to elect officers shall be held immediately following the Election of the Directors, and all officers shall hold two (2) year terms and continue to hold office until new officers are elected.

Section 4. Vacancies in Office. If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled for the unexpired term by the Board of Directors with a Member from LPPO if the vacancy was an LPPO Member, or with a Member from the First Mile if the vacancy occurred due to a departing First Mile Member.

Section 5. Removal of a Director. The Members, by a vote of 51% of all Members utilizing a written ballot, may remove any Member of the Board of Directors, with or without cause. The Board may also remove a Board Member by a 83.3% vote of the entire Board of Directors. When a Director is removed from office, the vacancy shall be filled for the unexpired term by the Board with a Member from LPPO if the vacancy was an LPPO Member, or with a Member from the First Mile if the vacancy occurred due to a departing First Mile Member.

ARTICLE VI – Duties of Officers

Section 1. Duties of Officers.

- a. President. The president shall preside at all meetings of LPDRA and the Board of Directors and shall appoint such committees as they or LPDRA shall consider expedient or necessary. The President shall vote on resolutions of the board only in the event of a tie, to break the tie. The President shall be the chief executive officer of LPDRA, and shall perform such other duties as from time to time may be assigned to them by the Members. The President shall be ex officio a member of all committees.
- b. Vice President / Road Manager. In the absence of the President, the Vice President shall perform his/her duties, and, in the absence of both the President and Vice President, the Treasurer shall preside and assume the duties of the President. The Vice President / Road Manager is responsible for evaluating the need for road maintenance and will make recommendations to the Board. He/she will work with contractors of LPDRA to relay the wishes of the Board of Directors and ensure the quality of the work completed. Whenever solicitation for new contracts is authorized by the Board, the Road Manager is responsible for soliciting at least three (3) bids and presenting the results to the Board for action.
- c. Secretary. The secretary shall keep the minutes of all meetings of LPDRA and of the Board of Directors; shall, if requested, read such minutes at the close of each meeting for approval; shall mail out all notices for meetings of LPDRA and the Board of Directors; shall send out ballots for the election of Directors; shall maintain the correspondence of LPDRA as directed by the Board of Directors.
- d. Treasurer. The Treasurer shall have charge of all receipts and moneys of LPDRA, deposit them in the name of LPDRA in a bank approved by the Board of Directors, and disburse funds as ordered or authorized by the Board of Directors. He/She shall keep regular accounts of receipts and disbursements, submit their records when requested, and give an itemized statement at regular meetings of LPDRA. He/She shall keep accurate account and collect all application fees, dues, and charges due from Members, and perform such other duties as may be required by the Bylaws, the President, or the Board of Directors. The Treasurer and any other director shall sign checks and withdrawal slips on behalf of LPDRA upon any and all of its bank accounts, and the same shall be honored on the two (2) signatures alone. If the Treasurer is unavailable, the President can sign for the Treasurer. In the absence of the President, and the Vice President, the Treasurer shall preside and assume the duties of the President.

Section 2. Execution of Instruments. The President and the Treasurer or the Secretary shall, on being so directed by the Board of Directors, sign all contracts, or other instruments in writing.

ARTICLE VII – Authority of Board of Directors

Section 1. Management of Association. The board of Directors shall have general charge and management of the affairs, funds, and property of LPDRA. The Board shall have full power, and it shall be the board's duty, to carry out the purposes of LPDRA according to its Articles of Incorporation and Bylaws.

Section 2. Rule-making. The Board of Directors may make rules for the Membership not inconsistent with anything set forth in these Bylaws related solely to the Road and issues impacting the Road easement.

Section 3. Emergency Action. The Board of Directors may vote to make assessments for emergency expenditures in an amount not to exceed \$3,000 without a vote of the members for any or all areas of the Road and bridge in need of immediate repair.

Section 4. Appointment of committees. The Board of Directors may:
a. Appoint such committees as it deems necessary.

Section 5. Authority to Impose Liability on Members. The Board of Directors may levy the necessary assessment upon the members to pay for the maintenance, repair, and the removal of snow from the Road.

Section 6. Expenditures and Contracts
a. Vote the expenditure of moneys as it deems necessary or advisable in accordance with the LPDRA budget or Emergency Action as specified in Section 3 of this ARTICLE.
b. Contract for the maintenance and repair of the Road.

ARTICLE VIII - Board of Directors Meetings

Section 1. Annual Meetings of Board. Meetings shall be held within two (2) weeks prior to the Annual Membership Meeting, and immediately following to elect officers for the next term.

Section 2. Special Meetings of Board. Special meetings of the Board of Directors may be called by the President on his/her initiative whenever in his/her judgment it may be deemed necessary, or by the Secretary upon request of any two (2) members of the Board of Directors. Meetings may be held no sooner than 48 hours after personal contact with all members of the Board of Directors. Fourteen (14) days notice of meetings of the Board sent by mail, or email to all Directors shall be deemed sufficient notice of such meetings.

Section 3. Quorum of Board. A quorum shall consist of at least four (4) members of the Board of Directors.

Section 4. Place of Director's Meetings. The meetings of the Directors may be held any place in La Plata County, Colorado.

Section 5. Alternate Means of Appearances. Directors may appear at meetings, either Annual or Special, telephonically, by proxy, by power of attorney, and at the President's discretion, electronically via the internet.

Section 6. Compensation of Directors, Officers, Members. Officers, Directors, and Members serving on committees shall not receive any salary or compensation for services rendered to LPDRA.

ARTICLE IX - Assessments

Section 1. Annual Administrative and Road Maintenance Assessment. The annual assessment for each calendar year commencing with the year 2010 shall be as determined by the Board of Directors at their annual meeting. The assessment will be divided equally amongst all lots served by the Road, which at the time of the writing of these Bylaws was 136, but may change from time to time as a result of consolidating or subdividing lots. The board will notify all members of their share of assessments to be paid.

Section 2. Snow Removal on the Road. The Assessment for snow removal will be invoiced each month from November through May of each year based on actual cost of snow removal.

- a. Lots served by the Road which have a residence, or a building permit pulled to build a residence approved by the La Plata County Building Dept., will be invoiced for 100% of the distance to the center of the driveway or road where it intersects with Lake Purgatory Drive as a percentage of the total distance traveled on the Road.
- b. Unimproved lots served by the Road will be invoiced for 30% of the distance to the center of the driveway, side road intersecting with Lake Purgatory Drive, or center of the lot if the lot fronts the Road but does not yet have a driveway constructed. Unit I will invoice its lot owners and home owners separately from LPDRA and will pay its portion of the costs to the LPDRA Treasurer.
 - i. See Exhibit A.

Section 3. Snow Removal for Driveways and Side Roads. If a lot owner requests their driveway, or a road other than Lake Purgatory Drive be plowed, LPDRA will instruct the contractor to plow the additional road or driveway. The additional cost will be added to the lot owner's snow removal invoice. This amount is subject to the same collections procedures as any other amount owed to LPDRA.

Section 4. Building Surcharge. Trucks and other heavy equipment on the Road create additional wear and tear. To cover the cost of repair and maintenance,

the Member will be charged a fee of \$500 at the time their building permit is issued and approved by the La Plata County Building Dept. This surcharge may be adjusted or waived entirely by the Board if it is shown the construction will result in little or no additional traffic on the Road. The Building Surcharge may also be adjusted during the Annual Board of Directors Meeting at the Board's discretion based on inflation.

Section 5. Assessment for other Road Damage. Any Member who shall cause damage to Lake Purgatory Road, either individually or through an agent, shall be responsible for the cost of repair necessary to bring the road back to the condition it was in prior to the damage. The Board of Directors shall be responsible for contracting to make said repairs and shall assess the Member for the repair. All assessments for repair costs are payable within thirty (30) days of assessment. All unpaid assessments shall bear interest at a rate determined by the Board of Directors. The initial rate of interest shall be 12% annually compounded monthly until otherwise modified by the Board of Directors. All costs of collection, including attorney's fees shall be added to the assessment and accrue interest at the same rate.

Any assessment chargeable to a Member shall constitute a lien on the property, effective the due date of the Assessment. To evidence the lien, LPDRA may, but shall not be obliged to, prepare a written lien statement with respect to the property, setting forth the name of the member, the legal description of the property, the name of LPDRA, and the delinquent Assessment amounts then owing. Any such statement shall be duly signed and acknowledged by a member of the Board of Directors, and shall be served upon the Member by U.S. First Class Mail to the address of the property or at such other address as LPDRA may have in its records for the Member. Thereafter, LPDRA may record the statement in the office of the Clerk and Recorder of La Plata County, Colorado. Thirty (30) days following the mailing of such notice to the Member, LPDRA may proceed to foreclose the statement of lien in the same manner as provided for the foreclosure of mortgages under the statutes of the State of Colorado. Such lien shall be in favor of LPDRA and shall be for the benefit of all other Members. In either a personal action or foreclosure action, LPDRA shall be entitled to recover as a part of the action, the interest, costs and reasonable attorney fees with respect to the action. LPDRA shall have the power to bid on a property at foreclosure sale and to acquire, hold, lease, mortgage and convey the property.

No Member may waive or otherwise escape liability of the assessments provided for herein by abandonment of his property.

In addition to the collection of interest for delinquent assessments, the Board of Directors will suspend the voting rights of the Member during any period of delinquency and/or bring an action at law against any Member personally obligated to pay the delinquent assessment.

Section 6. Loss of Privileges. Any Member whose assessments are unpaid within thirty (30) days after the date of billing shall not be entitled to vote.

Section 7. Major Road Improvements. Road improvement costs will be allocated on a utilization basis. This means all lot owners past the road improvement will be charged equally and lot owners adjacent to the road improvement will be charged on a prorated basis. Lot owners between the beginning of Lake Purgatory Drive and the road improvement will not be charged.

Improvements may include but are not limited to widening, blasting blind corners, adding pullouts, and paving. Before work is commenced on a Major Road Improvement project, three (3) bids will be solicited for the work, a budget drawn up, and a description and cost of the work provided to all the effected Members for a vote. Commencement of work requires a 51% approval of the project which is not based on one lot one vote, but on the percentage of the project cost that will be paid by each member approving the project.

ARTICLE X - Collections

Section 1. Time for payment of Assessments. Payment for all assessments are due within 30 days from date of invoice. Collection procedures will begin when payment is not received by Treasurer within 45 days from date of invoice.

Section 2. Collection of Assessments. LPDRA shall have the power and authority to enforce and collect said Assessments by any action including actions at law and equity, and including attachment of Members' property. Members who are in default of their Assessments shall also be liable to LPDRA of reasonable interest, twelve (12) percent annually compounded monthly, and late charges set in advance by LPDRA and for LPDRA's reasonable costs of collection, including but not limited to, attorney's fees and costs. The unpaid Assessments shall constitute a lien upon the land of the Members and shall run with the land.

ARTICLE XI - Miscellaneous

Section 1. Notices. All notices to Members shall be either mailed or emailed to their addresses as given on the books of LPDRA, and such mailing or emailing shall constitute presumptive evidence of service thereof. Upon sale of property, Member must notify Treasurer of LPDRA of transfer of title including the new owners name, address, and phone number.

Section 2. Amendments. Amendments may be proposed by any Member of LPDRA and these Bylaws may be amended with 70% of the Members voting in favor, based on one lot one vote. All amendments will become effective when recorded by the Clerk at the La Plata County Courthouse.

Section 3. Insurance. LPDRA shall maintain in full force and effect both a General Liability and Directors and Officers insurance policy for the benefit and protection of LPDRA, its Officers, Directors, and Members and other insurance as the Board finds necessary. It shall cover all activities owned, operated, and/or maintained by LPDRA as well as personal property and all acts performed for LPDRA. It shall have a face amount which shall be determined from time to time by the Board of Directors. Costs of insurance shall be a part of the Annual Administrative and Road Maintenance Assessment.

Section 4. Indemnification. LPDRA shall indemnify every Director, Officer, and Committee member against all financial liabilities, losses, costs and expenses, including counsel fees reasonably incurred in connection with any action, suit, or proceeding to which they may have been made a party by reason of their being or having been a Director, Office, or Committee member of LPDRA except as to matters as to which they shall be finally adjudged in such actions, suit or proceeding to be liable for gross negligence or willful misconduct. Contracts or other commitments made by Directors or Officers shall be made as agent for LPDRA Members and the Directors, Officers and Committee members shall have no personal responsibility on same except as property owners within LPDRA if such be the case.

Section 5. Association is Not-For-Profit. LPDRA is not for profit. LPDRA is not organized for profit. No Member, Director, Officer, or person from whom LPDRA may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof and in no event shall any part of the funds or assets of LPDRA be paid as salary or compensation to or distributed to or inure to the benefit of any member of the Board of Directors, Officer or Member except as provided above and except further that any Member, Director, Officer or Committee member may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with administration of the affairs or LPDRA.

Section 6. Precedence. These Bylaws take precedence over both the original Bylaws of the Lake Purgatory Drive Road Association, Inc. filed with the La Plata County Clerk as document number 710159, the revised Bylaws of Lake Purgatory Drive Road Association filed with the La Plata County Clerk as document number 980465, and the Findings of Fact, Conclusions of Law, Judgment and Decree filed as Civil Action No. 88CV299 by the District Court, County of La Plata, State of Colorado.