

**BYLAWS
OF
THE LAMBERT RANCH ASSOCIATION, INC.**

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**BYLAWS
OF
THE LAMBERT RANCH ASSOCIATION, INC.**

ARTICLE I - INTRODUCTION

These are the Bylaws of The Lambert Ranch Association, Inc. (the "Association") which shall operate under the Colorado Nonprofit Corporation Act, as amended. Terms used herein shall have the meaning set forth in the Declaration of Protective Covenants for The Lambert Ranch (the "Declaration") and the Colorado Common Interest Ownership Act, as amended (the "Act").

ARTICLE II - BOARD OF DIRECTORS

Section 2.1 Number and Qualification-Termination of Declarant Control

(a) The affairs of the Common Interest Community and the Association shall be governed by its Board of Directors ("Board of Directors") which, until the termination of the period of Declarant control, shall consist of three persons, and following such date shall consist of at least three persons, the majority of whom, excepting the Directors appointed by the Declarant, shall be Unit Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve on the Board of Directors and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Members of the Board of Directors shall be elected by the Unit Owners, except for those appointed by the Declarant. At any meeting at which the Board of Directors is to be elected, the Unit Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Board of Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners.

(c) The Declaration shall govern appointment of members of the Board of Directors and officers during the period of Declarant control.

(d) During the period of Declarant control, the Declarant shall appoint the officers. Following the termination of the period of Declarant control, the Board of Directors shall elect the officers. The Board of Directors and officers shall take office upon election or upon appointment as the case may be.

(e) At any time after Unit Owners, other than the Declarant, are entitled to elect a member of the Board of Directors, the Association shall call a meeting and give not less than 14 nor more than 50 days notice to the Unit Owners for this purpose. This meeting may be called and the notice given by any Unit Owner if the Association fails to do so.

Section 2.2 Powers and Duties. The Board of Directors may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend bylaws and rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect Assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend and intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules and Regulations.
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements;
- (m) Impose reasonable charges for late payment of Assessments and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, or Rules and Regulations of the Association;

(n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid Assessments;

(o) Provide for the indemnification of the Association's officers and the Board of Directors and maintain Directors' and Officers' liability insurance;

(p) Exercise any other powers conferred by the Declaration, the Articles of Incorporation, Bylaws, the Act and the Colorado Nonprofit Corporation Act;

(q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(r) Exercise any other power necessary and proper for the governance and operation of the Association; and

(s) Establish committees, permanent and standing, to perform any of the above functions.

Section 2.3 Manager. The Board of Directors may employ a Manager for the Common Interest Community, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors.

Section 2.4 Removal of Board of Directors Member. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any member of the Board of Directors, with or without cause, other than one appointed by the Declarant.

Section 2.5 Vacancies. Vacancies of Board of Directors members shall be filled in the following manner:

(a) As to vacancies of Board of Directors members whom Unit Owners other than the Declarant elected, by a majority of the remaining Board of Directors;

(b) As to vacancies of Board of Directors members whom the Declarant has the right to appoint, by the Declarant; and

(c) As to vacancies of Board of Directors members caused by removal by the Unit Owners, by the Unit Owners.

Each person so elected or appointed shall serve on the Board of Directors for the remainder of the term of the member so replaced.

Section 2.6 Regular Meetings. The Board of Directors shall meet at least once a year. After such time as the majority of the members of the Board of Directors are elected by the Unit Owners, regular meetings of the Board of Directors shall be held within 10 days after the annual meetings of the Unit Owners. No notice shall be necessary to the newly elected Board members in order to legally constitute such meeting, provided a majority of the Board of Directors members are present. The Board of Directors may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of its members on at least three business days notice to each member. The Notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 Location of Meetings. All meetings of the Board of Directors shall be held within the State of Colorado unless all members thereof consent in writing to another location.

Section 2.9 Waiver of Notice. Any Board of Directors member may waive notice of any meeting in writing. Attendance by a Board of Directors member at any meeting of the Board of Directors shall constitute a waiver of notice. If all the members of the Board of Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10 Quorum. At all meetings of the Board of Directors, a majority of its members shall constitute a quorum for the transaction of business, and the votes of a majority of members present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 Consent to Corporate Action. If all of the Board of Directors or all of the members of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of Board of Directors members constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors or the committee, as the case may be. The Secretary shall file these consents with the minutes of the meetings of the Board of Directors.

Section 2.12 Telephone Communication in Lieu of Attendance. A Board of Directors member may attend a meeting of the Board of Directors by using an electronic or telephonic communication method whereby the member may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Board of

Directors. The vote of such member shall be counted and the presence noted as if that member was present in person on that particular matter.

Section 2.13 Qualifications and Rights of Board of Directors Members. The Board of Directors members shall have such qualifications and rights as are set forth in the Declaration and in the Colorado Common Interest Ownership Act.

ARTICLE III - UNIT OWNERS

Section 3.1 Annual Meeting. Annual meetings of Unit Owners shall be held at such date set forth in the notice within the State of Colorado or may be adjourned to a suitable place convenient to the Unit Owners, as may be designated by the Board of Directors or the President. At these meetings the Board of Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article II of these Bylaws. The Unit Owners may transact other business as may properly come before them at these meetings.

Section 3.2 Special Meetings. Special meetings of the Association may be called by the President, by a majority of the members of the Board of Directors or by Unit Owners comprising twenty percent (20%) of the votes in the Association.

Section 3.3 Notice of Meetings. The Secretary or other officer specified in the Bylaws shall cause notice of meetings of the Unit Owners to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Unit Owner, not less than fourteen (14) nor more than fifty (50) days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.4 Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.5 Adjournment of Meeting. At any meeting of Unit Owners, a majority of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.6 Order of Business. Unless otherwise determined by the presiding officer, the order of business at meetings of the Unit Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Approval of minutes of preceding meeting;

- (d) Reports;
- (e) Establish number and term of memberships of the Board of Directors (if required and noticed);
- (f) Election of Directors of the Board of Directors (when required);
- (g) Election of Delegate to Master Association (when required);
- (h) Ratify Budget (if required).
- (i) Unfinished business; and
- (j) New business.

Section 3.7 Voting.

3.7.1 If only one of several owners of a Unit is present at a meeting of the Association, the Unit Owner present is entitled to cast all votes allocated to the Unit. If more than one of the Unit Owners is present, the votes allocated to the Unit may be cast only in accordance with the agreement of a majority of the owners of that Unit. Majority agreement exists if any one of the Unit Owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

3.7.2 Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. If a Unit is owned by more than one person each owner of the Unit may vote or register protest to the casting of votes by the other owners of the Unit through a duly executed proxy. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding 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.

3.7.3 The vote of a corporation or limited liability company may be cast by an officer of that corporation or by the manager of the limited liability company in the absence of express notice of the designation of a specific person by the Board of Directors, members, manager, operating agreement or bylaws of the owning corporation or limited liability company. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, limited liability company, partnership or Unit Owner is qualified to vote.

Section 3.8 Nomination and Election of Directors.

3.8.1 Nomination for election to the Board of Directors may be made by a Nominating Committee if such a Committee is appointed, from time to time, by the Board of Directors of the Association. Nominations may also be made from the floor at the annual meeting.

3.8.2 Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The person(s) receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 3.9 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, representing twenty percent (20%) of the votes in the Association, shall constitute a quorum at that meeting.

Section 3.10 Majority Vote. The vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except when a higher percentage vote is required in the Declaration or these Bylaws.

ARTICLE IV - OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant Treasurer, an Assistant Secretary and other officers as it finds necessary. Any two offices may be held by the same person, except the offices of President and Secretary. The office of Vice President may be vacant.

Section 4.2 Election of Officers. Except for officers appointed by the Declarant, the officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. Except for officers appointed by the Declarant, they shall hold office at the pleasure of the Board of Directors.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Board of Directors, any officer, except for officers appointed by the Declarant, may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4.4 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Unit Owners and of the Board of Directors. The President shall have all of the general powers and duties which are incident to the office of President of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from

time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role of Treasurer in the absence of the Treasurer. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President is absent or unable to act. The Vice President shall also perform other duties imposed by the Board of Directors or by the President.

Section 4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and the Board of Directors. The Secretary shall have charge of the Association's books and papers as the Board of Directors may direct and shall perform all the duties incident to the office of Secretary of a nonprofit corporation organized under the laws of the State of Colorado. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The Treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all the duties incident to the office of Treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board of Directors. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited by check or order, authorized by the Treasurer, and executed by two members of the Board of Directors, one of whom may be the Treasurer if the Treasurer is also a Director.

Section 4.8 Execution of Instruments. Except as otherwise provided by 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 designated by the Board of Directors.

Section 4.9 Statements of Unpaid Assessments. The Treasurer, Assistant Treasurer, a manager employed by the Association 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.

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 an Assessment against the Unit for which the certificate or statement is furnished.

ARTICLE V - ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors or the breach of any provision of the Documents shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws, the Declaration, the Articles, or the Act:

(a) To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating an imminent danger to the Association's Unit Owners. The Board of Directors shall not be deemed liable for any manner of trespass by this action or shall this right impose a responsibility or obligation upon the Board of Directors or the Association to take such action.

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fine for Violation. The Board of Directors may adopt resolutions providing for fines or other monetary penalties for the infraction of its Rules and Regulations or of the Declaration. The Board of Directors may levy fines in amounts that it, in its sole discretion, shall determine to be reasonable for each violation of the Declaration, Bylaws, or Rules and Regulations.

ARTICLE VI - INDEMNIFICATION

The Board of Directors, members and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in the Articles of Incorporation, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE VII - RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records. The cost of any audit shall be a Common Expense unless otherwise provided in the Declaration.

Section 7.2 Examination. All financial records maintained by the Association or the Manager shall be available for examination by any Unit Owner or by any of their duly authorized attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 Records. The Association shall keep the following records, if applicable:

- (a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has give notice to the Association that it holds a mortgage on the Unit, the amount of each Assessment, the dates on which each Assessment comes due, the amount paid on the account and the balance due;
- (b) An account for each Unit Owner showing any other fees payable by the Unit Owner;
- (c) A record of any capital expenditures in excess of \$3,000 approved by the Board of Directors for the current and next two succeeding fiscal years;
- (d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;
- (e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) The current operating budget;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (i) A record of any alterations or improvements to Units which violate any provisions of the Declaration of which the Board of Directors has knowledge;
- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes and laws, ordinances, or regulations of which the Board of Directors has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

- Act;
- (l) Balance sheets and other records required by the Colorado Nonprofit Corporation Act;
 - (m) Tax returns for state and federal income taxation;
 - (n) Minutes of proceedings of Unit Owners, Board of Directors and its committees, and waivers of notice; and
 - (o) A copy of the most current versions of the Declaration, Bylaws, Rules and Regulations, and resolutions of the Board of Directors, along with their exhibits and schedules.

ARTICLE VIII - MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Board of Directors shall be delivered to: P. O. Box 336, Sedalia, Colorado 80135, or to such other address as the Board of Directors may designate by written notice to all Unit Owners. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices shall be deemed to have been given when deposited into the United States mail, first class postage prepaid, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Board of Directors shall establish the fiscal year of the Association.

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason or any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Delegation of Duties. If the Association delegates powers of the Board of Directors or officers relating to collection, deposit, transfer or disbursement of Association Funds to other persons, or to a managing agent:

- (a) The other person or managing agent shall maintain fidelity insurance coverage or a bond in an amount not less than \$50,000.00;
- (b) The other person or managing agent shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other person or managing agent and shall maintain all reserve accounts of the Association separate from the operational accounts of the Association; and
- (c) An annual accounting for Association funds and a financial statement shall be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

Section 8.5 Reserves. As a part of the adoption of the regular budget the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements based upon the age, remaining life and the quantity and replacement cost of improvements to the Common Elements.

ARTICLE IX - AMENDMENT TO BYLAWS

Section 9.1 Vote. The Bylaws may be amended by a majority of the Board of Directors.

CERTIFICATION OF SECRETARY

I, the undersigned, do certify that:

1. I am the duly elected and acting Secretary of The Lambert Ranch Association, Inc. ("Association"); and that

2. The foregoing Bylaws, consisting of ____ pages including this page, constitute the Bylaws of the Association adopted by the consent of the Board of Directors of the Association on _____.
