

BY-LAWS OF
MIDWAY RANCHES PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I - NON-PROFIT CORPORATION

The MIDWAY RANCHES PROPERTY OWNERS' ASSOCIATION, INC. shall be a not for profit corporation.

ARTICLE II – OFFICES

The principal office of the Corporation in the State of Colorado shall be located in the City of Colorado Springs, County of El Paso. The Corporation may have such other offices either within or without the State of Colorado as the Board of Directors may designate or as the business of the Corporation may require from time to time.

The registered office of the Corporation shall be designated in the Articles of Incorporation or amended thereto.

ARTICLE III - MEMBERSHIP

Section 1 Membership

There shall be one membership in the Association for each lot in Filings 1 as amended, 2,3,4,5, and 6 of Midway Ranches in Pueblo County, Colorado. The total number of memberships issued shall not exceed 104. There is to be one vote per membership on all matters on which members are entitled to vote. The owner or owners of the Midway Ranches' lot shall hold and share the membership related to that Midway Ranches' lot in the same proportionate interest and by the same type of the tenancy in which the title to the Midway Ranches' lot is held, provided always that there shall be only one membership per Midway Ranches' lot and one vote per membership.

Section 2 Transfer of Membership

Midway Development Company, Inc., the developer: of the Midway Ranches Filing NO. 1 as amended, 2,3,4,5, and 6 , Pueblo County, Colorado, shall retain all memberships until such time that Midway Development Company, Inc. has sold 53 lots. At that point in time that 53 Lots have been sold, Midway Development shall transfer said memberships, one per each lot, to the Midway Ranches' lot purchasers.

A membership in the Association and a sharing member of the assets of the Association shall not be assigned, encumbered, or transferred in any manner except in appurtenance to a transfer of title of the Midway Ranches' lot to which membership pertains; provided, however, that the right to a membership may be assigned to a mortgage, Deed of Trust, or other security instrument on a Midway Ranches' lot as further security for a loan secured by a lien on such Midway Ranches' lot. A transfer of membership shall occur automatically upon transfer of title to the Midway Ranches' lot to which membership pertains. The Association shall be entitled to treat the person or persons whose name or names the membership is recorded on the books and records of the

Association as a member until such time as evidence or a transfer of title satisfactory to the Association has been submitted to the Secretary. A transfer of membership shall not release a transferrer from liability for obligations accrued incident to such membership prior to such transfer. In the event of a dispute as to ownership of a Midway Ranches' lot and to the membership appurtenant thereto, title to the Midway Ranches' lot, as shown in public records of Pueblo, County, Colorado, shall be determinative.

Section 3 Voting

Where the voting member is required by the Statutes of the State of Colorado, or by a Certificate of Incorporation, or by these By-laws, there shall be one vote for each membership, whether co-owners of a Midway Ranches' lot (whether by joint tenancy, tenancy in common, or otherwise), each co-owner shall be deemed to have a fractional portion of the vote for the membership appurtenant to that Midway Ranches' lot, proportionate to the interest in the title therein. Anyone of such co-owners may be automatically accepted by the Association as the agent and attorney-in-fact for the co-owners not present for the purpose of casting the vote of that membership. Voting by proxy shall be permitted. Proxies must be filed with the Secretary before the appointed time of each meeting. The Association may suspend the voting rights of a member for failure to comply with rules or regulations of the Association or with any other obligations of the owners of the Midway Ranches' lot under the By-laws for the Midway Ranches Property Owners' Association, Inc. referred to above. Unless otherwise stated in the By-laws, a majority of members present may adopt decisions binding upon all lot owners.

Section 4 Annual Meetings

The annual meeting of the membership of the Corporation shall be held within (5) months after the close of fiscal year of the Association for the purpose of electing directors and for the transaction of such other business as may come before the meeting. Such meetings shall be necessary in order for the Association to make any expenditure in excess of \$5,000.00 for repairs, maintenance or improvements.

Section 5 Special Meetings

Special meetings of the members for any purpose or purposes unless otherwise prescribed by statute may be called by the Board of Directors or by the President and shall be called by the President or Secretary at the written request of ten (10%) percent of the membership entitled to vote at the meeting.

Section 6 Place of Meetings

All meetings of members shall be held at the principal office of the Association or at such other place as shall be designated in the notices or waivers of notice of such meetings.

Section 7 Notice of Meetings

Notice of annual and special meetings of the members must be given in writing and must state the date, hour, and place of the meeting, and describe the nature of the business to be transacted. Such notices shall be delivered personally to, or deposited in the mail, postage prepaid, addresses to the last known address, as shown on the books of the Association, to the owner or any one of the co-owners of each membership, as shown on the books of the Association and shall be delivered or deposited in the mail not less than ten nor more than fifty days prior to the date of the meeting.

In the event a special meeting is called by the members n of the Association, as aforesaid, they shall notify the Secretary of the Association, in writing, of the time for the Secretary to give notice to all the members in accordance with these By-Laws.

Written waiver of notice signed by or tendered at a meeting, by the owner, or any one of the co-owners of membership shall constitute a waiver of notice of such meeting, except for attendance for express purpose of objecting to defects in such notice.

Section 8 Quorum

A majority of the members of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. If less than a majority of the members are represented at a meeting, a majority of the members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Dues and Assessments

a. Dues and assessments necessary for the Corporation to carry out its purposes shall be determined by the Board of Directors at a public meeting, using the estimates and budget provided by the Treasurer and using the criteria set forth in Article XI of the By-Laws, which is incorporated herein as if fully set forth. Failure of any member to timely pay the assessments and dues shall, in addition to the remedies set forth in Article XI of the By-Laws, constitute a claim which may be enforced by way of civil action to be brought by the Association, and if such action is brought by the Association, it shall be entitled to recover a reasonable attorney's fee and cost of court and interest at the rate of 12 percent per annum from the 30 days after the date such dues or assessment become due as part of such claim in said civil action. Provided, however, that any first mortgagee who obtains title to a lot pursuant to foreclosure of deed in lieu thereof, shall not be liable for such lot's unpaid dues or assessments when accrued prior to its acquisition by such mortgagee.

b. Services to be provided for by dues and assessments. The services provided for by the dues and assessments set forth herein shall be (1) expenses of management, (2) premiums for all

insurance which is required pursuant to the By-Laws, (3) landscaping and maintenance of the Midway Ranches Road System, (4), installation, operation, and maintenance of the Midway Ranches water system, (5) wages for Association employees (6) installation, operation and maintenance of other utility mains into and through out the Midway Ranches subdivision, (7) legal and accounting fees, (8) any deficit remaining from a previous assessment year, (9) working capital fund, (10) the creation of a reasonable contingency reserve surplus and sinking fund, and (11) any other costs, expenses, or fees which may be incurred or which may reasonably be expected to be incurred by the Association for the benefit of the owners under or by reason of the By-Laws herein. No other assessments, debts, or other obligations are assumed by the lot owner on his lot. A member and their mortgagee, if applicable, may inspect the records of receipts and expenditures of the board of Directors pursuant to section 38-33-107 at convenient weekday business hours, and upon ten days' notice to the board of directors and payment of a reasonable fee, any member shall be furnished a statement or his account setting forth the amount of any unpaid assessments or other charges due and owing from such member.

ARTICLE IV - BOARD OF DIRECTORS

Section 1. General Powers

The business and affairs of the Corporation shall be managed by its Board of Directors, including, but not limited to, those imposed by the By-Laws, and resignation and removal of personnel necessary for the operation, maintenance, installation, and repair of the Midway Ranches' road system and utility system. The Board, by majority vote, shall adopt administrative rules and regulations covering the use and operation of the Midway Ranches road system, utility system and subdivision protective covenants and any amendments thereto. The board may engage the services of a manager or managing agent, who shall have such duties as are set forth in Section 15 hereof.

Section 2. Number, Tenure, and Qualifications

The number of the directors of the Corporation shall be three (3) unless and until otherwise determined by vote of a majority or the entire Board of Directors. The number of Directors shall not be less than three, unless all of the members are less than three, in which event the number of directors shall not be less than the number of members.

Except as may otherwise be provided herein or in the Articles of Incorporation, the members of the Board of Directors of the Corporation, who need not be members, shall be elected by a majority of the votes cast at a meeting of members entitled to vote in the election. Each director shall hold office until the next annual meeting of the members or until his successor shall have been elected and qualified.

Section 3. Regular Meetings

The regular meetings of the Board of Directors shall be held without other notice than this by-law immediately after and at the same place as the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of

Colorado, for the holding of additional regular meetings without other notice than such resolution; provided, however, that in case the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be given to each director who was absent within the time provided and in the manner set forth in Section 5 of this Article III with respect to special meetings. unless such notice shall be waived in the manner set forth in Section 5 of this Article III.

Special Meetings

Special Meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Colorado, as a place for holding any special meeting of the Board of Directors called by them.

Section 5. Notice

Notice of any special meeting shall be given at least two (2) days previously thereto by written notice delivered personally or mailed to each director at his business address or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum

The majority of the number of directors fixed by Section 2 of this Article IV shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting

The action of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, and at all meetings of the Board of Directors, each director present shall have one vote.

Section 8. Action without a Meeting

Any action required or permitted to be taken by the Board of Directors in a meeting may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors.

Section 9. Vacancies

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board or Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship filled by reason of an increase in the number of directors may be filled by election by the Board Directors for a term of office continuing only until the election of directors by the members.

Section 10. Compensation

By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a stated salary as a director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payments shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

Section 11. Removal

Any director may be removed, without cause, at anytime by the members at a special meeting of the members called for that purpose.

Section 12. Presumption of Assent

If a director is present at a meeting of the Board of Directors at which action or any corporate matter is taken shall be presumed to assented to the action taken unless the dissent shall be entered to in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 13. Chairman; Committees

At a meeting of the Board of Directors, the Chairman of the Board, if any, and if present, shall preside. If there shall be no Chairman or he shall be absent, then the President shall preside, and in his absence, the Chairman chosen by the directors shall preside.

The Board of Directors by resolution adopted by a majority of the entire Board, may from time to time designate from among its members an executive committee and such other committees, an alternate members thereof, as they deem desirable, each consisting of three or more members, with such powers and authority (to the extent permitted by law) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board.

Section 14. Contracts

No contract or other transaction between this Corporation and any other corporation shall be impaired, affected, or invalidated, nor shall any director be liable in any way by reason of the fact that any one or more of the directors of this Corporation is or are interested in, or is a director or officer, or are directors or officers of such other corporation, provided that such facts are disclosed or made known to the Board of Directors.

Any director, personally and individually, may be a party to or may be interested in any contract or transaction of this Corporation, and no director shall be liable in any way by reason of such interest, provided that the fact of such interest be disclosed or made known to the Board of Directors, and provided that the Board of Directors shall authorize, approve, or ratify such contract or transaction by the vote (not counting the vote of any such director) or a majority of a quorum, notwithstanding the presence of any such director at the meeting at which such action is taken. Such director or directors may be counted in determining the presence of a quorum at such meeting. This section shall not be construed to impair or invalidate or in any way affect any contract or other transaction which would otherwise be valid under the law (common, statutory, or otherwise) applicable thereto.

Section 15. Managing Agent

The Board may delegate every day administration and management matters to the managing agent as from time to time it shall prescribe by appropriate resolution. Such delegation shall not relieve the Board of Directors of any responsibility it may have under these Declarations.

ARTICLE V – OFFICERS

Section 1. Number:

The officers of the corporation shall be President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the office of President and Secretary.

Section 2. Election and Term of Office

The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently shall be. Each officer shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Removal

Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in and of itself create contract rights.

Section 4. Vacancies

A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President

The President shall be principal, executive officer of the Corporation, and subject to the control of the Board of Directors shall in general, supervise and control all of the business affairs of the Corporation, and shall be elected from the Board of Directors. He shall, when present, preside at all meetings of the members and of the Board of Directors. He may sign with the Secretary or any other proper officer of the corporation thereunto authorized by the Board of Directors any deeds, bonds, mortgages, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by the By-Laws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed and executed and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President, from time to time, may engage the services of a manager and/or managing agent for performance of any powers and duties delegated to him by the Board of Directors, including the specific duties listed hereinabove upon approval of the Board of Directors.

Section 6. Vice President

In the absence of the President or in the event of his death, inability or refusal to act, the vice President (or in the event there is more than one vice President, the Vice President in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all of the powers of and be subject to all of the restrictions upon the President. Any Vice President shall perform such duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Secretary

The Secretary shall: (a) keep the minutes of the proceedings of the members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be the custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is

duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; (e) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Treasurer:

The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; (b) receive and give receipts for monies due and all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article VI of these By-Laws; (c) shall keep the financial records and books of account of the Association; and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall prepare and estimate the amount of the budget and present it to the Board at a meeting to be held prior to the commencement of each fiscal year.

Section 9. Assistant Secretaries and Assistant Treasurers

The Assistant Secretary and Assistant Treasurer shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as assigned to them by the Secretary or the Treasurer respectively or by the President or the Board of Directors.

Section 10. Salaries

The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

ARTICLE VI - CONTRACTS, LOANS AND DEPOSITS

Section 1. Contracts

The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans

No loan shall be contracted on behalf of the Corporation and, no evidences of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, etc.

All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation. and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation at such banks, trust companies, or other depositories as the Board authorizes.

ARTICLE VII – FISCAL YEAR

The fiscal year for the Corporation shall be fixed by the Board of Directors from time to time subject to applicable law.

ARTICLE VIII - CORPORATE SEAL

The corporate seal shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE IX - WAIVER OF NOTICE

Whenever any notice is required to be given to any member or director of the Corporation under the provisions of these By-Laws or under the provisions of the Articles of Incorporation or under the provisions or the statutes of the State of Colorado, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X – AMENDMENTS

Section 1. By Members

All By-Laws of the Corporation shall be subject to alteration or repeal and new By-Laws may be made by a majority vote of the members at any regular or special meeting; provided, however, specific By-Law requirements set forth in C.R.S. 38-33-106 (1973) must be contained in these By-Laws.