

ARTICLES OF ASSOCIATION
AND
BY-LAWS
OF
THE HANSON HOMESTEAD ESTATES SUBDIVISION HOA
SUB#18-009
ARTICLE I

NAME, OBJECTS, PURPOSES, AND PRINCIPAL PLACE OF BUSINESS

The company, to be known as the **Hanson Homestead Estates Subdivision HOA**, an unincorporated association, shall be operated to provide for the enforcement of covenants, assessment of fees for maintenance of the common areas and water systems, and in general act as the homeowners association on behalf of all lot owners. The company is the homeowners association for **Hanson Homestead Estates Subdivision**, (the Subdivision) as provided in paragraph 12 of the Protective Covenants for the Subdivision, recorded _____, 2018 at reception number 707436. The principal place of business shall be at the location of the residence of the Secretary of the Company.

ARTICLE II

MEMBERSHIP

Section 1 Members: The members of the company are, and shall be, owners of lots in The Subdivision. There will be three members.

ARTICLE III

MEMBERSHIP MEETINGS

Section 1: Annual Meetings. Annual meetings of the members for the election of directors and for other business which may properly come before said meeting shall be held in the Subdivision on the fourth Saturday of March of each year.

Section 2: Special Meetings. Special Meetings of the members may be called at any time by the president or by a majority of the directors, or if the purpose is to elect directors, by any two members. The president, or in his absence, the vice-president shall call a special meeting upon written petition of one-third of the members of the company. Notice of special meetings shall specify the business to be transacted thereat and shall be given as in Section 1 of this Article provided.

Section 3: Notice Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days or more than fifty (50) days before the date of the meeting, either personally or by mail, or by, at the direction of the president, the secretary, or the officer or person calling the meeting, to each member entitled to vote at such meeting. If mailed such notice shall be deemed to be delivered when deposited in the United States mail addressed to the certificate holder at his address as it appears on the stock transfer books of the company, with postage there prepaid, or upon emailing to a valid email address.

Section 4: Quorum. Two members of this company present either in person or by proxy shall constitute a quorum for the transaction of business at any annual or special membership meeting.

Section 5: Order of Business. All membership of the company shall be governed by Robert's Rules of Order. The order of business at all membership meetings shall include as far as possible:

1. Roll Call
2. Proof of due notice and determination of quorum
3. Reading and disposal of any unapproved minutes.
4. Nominations for the Board of Directors.
5. Report of Board of Directors by president or vice-president.
6. Report of Secretary
7. Report of Treasurer
8. Unfinished Business
9. New Business
10. Election
11. Adjournment

Section 6: Voting Rights. Ownership of a lot entitles the owner to one vote. Lots held by multiple owners (such as husband and wife) shall have only one vote per lot.

ARTICLE IV

DIRECTORS, THEIR FUNCTIONS, DUTIES AND OBLIGATIONS

Section 1: Function of the Board of Directors. The business and affairs of this company shall be managed by a board of three (3) directors, each of whom shall be members. Its functions shall include the (a) selection of and delegation of authority to management; (b) determination of policies for guidance of management; (c) control of expenditures and authorizing budgets; (d) keeping members fully informed of the business of the company; (e) causing audits to be made at least once each year, or oftener, and reports thereof to be made directly to the board; and (f) levying and collecting assessments and enforcing the collection thereof in accordance with the laws of the State of Colorado.

Section 2: Election and Term of Board Members. The directors shall be elected for a term of two (2) years each, in such manner as to cause a staggered term of such board members to promote continuity of management.

Section 3: Election of Officers. The Board of Directors shall elect by ballot one of its members to be president and one vice-president and shall also elect a secretary/treasurer who need not be a member of the board or of the company.

Section 4: Terms of Officers. Said officers shall be elected for a period of one year, and until their successors are appointed or elected and qualified.

Section 5: Compensation of Directors and Officers. The Board of Directors and the officers, with the exception of the secretary/treasurer, shall serve without compensation. The secretary/treasurer shall be paid a reasonable remuneration for services rendered.

Section 6: Meetings of the Board of Directors. Meetings of the Board of Directors shall be held at such regular intervals as the board shall determine and it shall have its annual meeting immediately succeeding the annual meeting of the members at which the members of the board are elected. A majority of the Board of Directors present in person at any meeting of the board shall constitute a quorum for the conduct of business thereat.

Section 7: Powers of the Board. The Board of Directors shall have the general power to act for the company in any manner not prohibited by statute, or by the Certificate of Incorporation. The Board of Directors shall have the power to establish assessment rates to assure sufficient income to properly operate and maintain the irrigation water system. They shall announce to the members at their annual meeting, the amount of the assessments to be levied for the ensuing year for the operation, maintenance, repair, rehabilitation and construction of the irrigation water system. The Board of Directors shall have the power to adopt and issue regulations for the fair and equitable distribution of water to its members and to enforce such regulations by the discontinuance of the delivery of water to the member violating such regulations.

Section 8: Vacancies. When any vacancies shall occur among the members of the Board of Directors by death, resignation, or because such vacating director has ceased to be a member of the company, such vacancy shall be filled by the remaining directors by the selection of a member of the company who shall serve as a member of the board until the election of directors at the next ensuing annual meeting of members.

Section 9: Removal of Directors and Officers. Any director or officer may be removed from office upon hearing by the board for the determination of charges against such director or officer made by any members in writing with the secretary, supported by a petition signed by ten percent of the members, on one or more of the proper grounds of: failure to attend two meetings without being excused by the majority of the board; failure to properly perform the duties of a board member, actions which are detrimental to the purposes of the company, or ceasing to be a member of the company. In the event the board at such meeting determined that such charges have not been substantiated and proven or that they are not grounds for removal, a special meeting of the members may be held upon petition of twenty percent of the members present at such meeting. Such meeting shall be held only upon notice as required in Article III of these by-laws. The director or officer against whom any such charges have been brought shall be informed in writing of such charges five (5) days prior to the meeting of the board initially hearing such charges and shall have an opportunity at such meeting to be heard in person or by counsel and to present witnesses. Any vacancy in the Board of Directors, or in an office created by the removal of a director or officer, shall be immediately filled by the remaining members of the Board of Directors, or in the event removal occurs by action at a special meeting of the members, the vacancy shall be filled by a majority vote of the members present and voting at such meeting.

ARTICLE V

OFFICERS

Section 1: Duties of the President. The president shall preside at all meetings of the Shareholders and of the Board of Directors and he shall have such powers and perform such other duties as may be properly required of him by the Board of Directors.

Section 2: Duties of the Vice-President. The vice-president shall, in the absence or disability of the president, or in the event of his death, resignation or removal from office, perform and discharge the duties and exercise the powers of the president.

Section 3: Duties of the Secretary/Treasurer. The Secretary/Treasurer shall keep a record of the proceedings of the Board of Directors and shall keep the books and records of the company and shall attest the signature of the officials of the company executing documents on behalf of the company. He shall collect all assessments and moneys due the company and deposit the same in the depository designated by the Board of Directors and shall do and perform such other duties and functions as may be required by him by the Board of Directors or the president.

Section 4: Appointment and Duties of Superintendent. The Board of Directors may appoint in addition to the offices above named, a superintendent of the irrigation water system who will be in charge of the work of operation, maintenance, and repair of the system of the company and of the distribution of irrigation water. He shall keep the Board of Directors informed concerning the conditions of the system, the amount of water available, and the amount and character of any work to be done and any and all work which has been accomplished. He shall certify to the secretary/treasurer at reasonable intervals the time spent by him and by each laborer employed in performing work in behalf of the company. The compensation to be paid in performance of the duties of the superintendent and to any laborers, and to any assistants he may hire shall be as determined by the Board of Directors.

ARTICLE VI

ASSESSMENTS AND CHARGES

Section 1: Responsibility for Payment of Assessments. The payment of all assessments and water charges shall be the responsibility of the individual lot owner.

Section 2: Levy of Assessments. The Board of Directors shall have the power to establish assessment rates to assure sufficient income to properly operate and maintain the potable water system and maintain that portion within the subdivision. Each lot owner shall pay their proportionate share of the cost of maintaining the Well and the Plan for Augmentation (20% Lot 1, 40% Lot 2, 40% Lot 3) whether they are using water from the Well or not. The Well has its own electric meter. The electricity costs for the well will be paid proportionally to the users of the well at that time. (i.e. if there are two houses using water from the well, those owners each pay one-half.) The owner of Lot 2 will receive the electric bill and share it with the users for payment.

Section 3: Enforcement of Payment of Assessments and Water Charges. An account is delinquent when payment is not received by the due date as shown on the billing statement. When an account becomes delinquent, a flat five-dollar (\$5.00) fee per month will be added until the account is paid. If delinquency continues thirty (30) days beyond the due date as shown on the original billing statement, a letter demanding payment will be sent to such delinquent account holder. If in spite of the demand letter, delinquency continues sixty (60) days beyond the due date as shown on the original billing statement, the membership of the account holder will be subject to suspension by the Board of Directors. Such membership shall be reinstated only upon full compliance with regulations and conditions to be provided by the Board of Directors. In addition to the authority to collect the delinquent assessments or water charges by the sale of the membership, the Board of Directors is authorized and directed to refuse to deliver water to any member who has not made payment of his assessment or water charges on the date prescribed. In the event of suit to collect a delinquent payment, the prevailing party shall receive their reasonable attorneys' fees.

ARTICLE VII

INDEMNITY

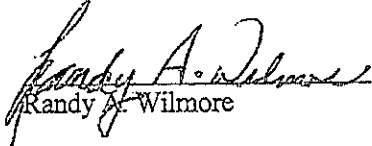
Section 1: The company indemnifies each member of the Board of Directors and each of its officers, for the defense of civil or criminal actions or proceedings as hereinafter provided and notwithstanding any provision in these By-Laws, in a manner and to the extent permitted by applicable law.

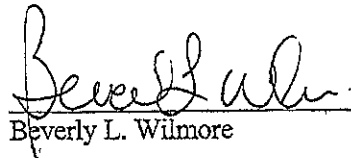
Section 2: The company shall indemnify each of its Directors and officers, from and against any and all judgments, fines, amounts paid in settlement, and reasonable expenses, including attorney's fees, actually and necessarily incurred or imposed as a result of such action or proceeding or any appeal therein, imposed upon or asserted against him/her by reason of being or having been such a Director or Officer and acting within the scope of his/her official duties, but only when the determination shall have been made judicially or in the same manner herein provided the he/she acted on good faith for a purpose which he/she reasonably believed to be in the best interests of the company and, in the case of criminal action or proceeding, in addition, had no reasonable cause to believe that his/her conduct was unlawful. This indemnification shall be made only if the company shall be advised by its Board of Directors acting (1) by a quorum consisting of Directors who are not parties to such action or proceeding upon a finding that, or (2) if a quorum under (1) is not obtainable with due diligence, upon the opinion in writing of legal counsel that, the Trustee or officer has met the foregoing applicable standard of conduct. If the foregoing determination is to be made by the Board of Directors, it may rely, as to all questions of law, on the advice of independent legal counsel.

Section 3: Every reference herein to a member of the Board of Directors or officer of the company shall include every Director and Officer thereof and former Director or Officer thereof. This indemnification shall apply to all the judgments, fines, amounts in settlement, and reasonable expenses described above whenever arising, allowable as above stated. The right of indemnification herein provided shall be in addition to any and all rights to which any Director or Officer of the company might otherwise be entitled and provisions hereof shall neither impair nor adversely affect such rights.

ARTICLE VII
AMENDMENTS

These by-laws, or any section or article, may be changed, amended or repealed at any regular members' meeting, or any special meeting of the members held for that purpose, provided notice of such proposed change has been incorporated in the call for such special meeting. The affirmative vote of the majority present, in person or by proxy, is required to change, amend or repeal these by-laws.


Randy A. Wilmore


Beverly L. Wilmore