

**BYLAWS
OF
RIVER RUN TOWNHOME OWNERS ASSOCIATION**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is River Run Townhome Owners Association (the “Association”), a Colorado nonprofit corporation, with its mailing address of P.O. Box 5265, Frisco, Colorado 80443, Colorado 80443. The Association may also have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Executive Board (the “Board”) may from time to time determine.

**ARTICLE II
DEFINITIONS, PURPOSES AND ASSENT**

Section 2.1 Definitions. “Declaration” means the Declaration of Covenants, Conditions, and Restrictions for River Run Townhomes recorded _____, 2016 at Reception No. _____ in the Summit County records, and all subsequent amendments. Unless otherwise defined, the capitalized terms used in these Bylaws have the meanings given to them in the Declaration. The Colorado Revised Nonprofit Corporation Act (“CRNCA”), C.R.S. § 7-121-101 et seq., also contains provisions which are referenced in these Bylaws.

Section 2.2 Purposes. The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the Townhomes and the Common Elements within the real property situate in Summit County, Colorado, as more fully described in the Declaration; (ii) to preserve, protect and enhance the values and amenities of such property; and (iii) to promote the health, safety and welfare of the Owners and users of the Property.

Section 2.3 Assent. All Owners, their families, tenants, and their guests and invitees, and any other person occupying a Townhome or using the facilities of the Property in any manner are subject to the Governing Documents which include the Declaration, the Plat, the Articles of Incorporation for River Run Townhome Owners Association (the “Articles”), these Bylaws and any procedures, rules or policies that the Executive Board (the “Board”) adopts. The acquisition or rental of any of the Townhomes in the Project or the occupancy of any of the Townhomes will constitute ratification and acceptance of these Bylaws and an agreement to comply with all Governing Documents.

**ARTICLE III
MEMBERSHIP**

Section 3.1 Membership. Every person who is a record Owner of a Lot is a Member of the Association.

Section 3.2 Voting Privileges. All Members are entitled to vote on all matters, subject to the allocation of votes as provided in the Articles.

a. When more than one person holds an interest in any Lot, all such persons are Members. The votes for such Lot will be exercised by one person or alternative persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting in person or by proxy, the votes allocated to their Lot may be cast only in accordance with the agreement of a majority interest of the Owners present or by proxy, and if a majority of the Owners cannot agree, then the Owners of such Lot will not be entitled to vote. Any one of the Co-Owners may cast the votes allocated to that Lot unless any of the other Co-Owners protests promptly to the person presiding over the meeting.

b. Any Owner of a Townhome that is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owner by proxy and the proxy is furnished to the Secretary of the Association or designee prior to any meeting in which the tenant exercises the voting right.

c. A Member will only be in good standing and entitled to vote at any annual or special meeting if all Assessments levied against the Member's Lot are paid in full.

Section 3.3 Responsibility of Members. Any person on becoming an Owner will automatically become a Member and be subject to and will comply with the Governing Documents. Such Membership will terminate without any formal Association action whenever such person ceases to own a Lot, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Governing Documents or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Board, or other Members may have against such former Owner arising out of ownership of the Lot or Membership in the Association and the covenants and obligations incident thereto.

ARTICLE IV

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 4.1 Place and Frequency of Meetings. Meetings of the Members will be held at least once each year at such place, in Summit County, Colorado, as the Board may determine. All meetings of the Association are open to every Owner or to any person designated by an Owner in writing as the Owner's representative. Member meetings will be governed by the rules of conduct and order provided in the responsible governance policies adopted by the Board.

Section 4.2 Annual Meetings. An annual Member meeting shall be held at a time and date stated in or fixed in accordance with a resolution of the Board. The annual meeting shall be held for the election of Directors and the transaction of such other business as may properly come before it.

Section 4.3 Special Meetings. Special meetings of the Members may be called at any time by the President, the Board, or upon written request of Members who are entitled to vote at least 20% of all votes in the Association.

Section 4.4 Notice of Member Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any Member meeting, the Secretary must cause notice to be delivered to all Owners as provided in the Governing Documents or as provided by Colorado law. The notice of any meeting must be physically posted in a conspicuous place, in addition to any electronic posting or electronic mail notices that may be given. The notice must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Governing Documents, any budget changes, and any proposal to remove an officer or Director. The Association will provide notice of a meeting and the agenda by electronic mail to all Members who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting will be given as soon as possible but at least twenty-four (24) hours before the meeting.

Section 4.5 Quorum. The presence at the beginning of any Association meeting of Members entitled to cast, or of proxies entitled to cast, 20% of the total Membership votes will constitute a quorum for any action, except as otherwise provided in the Governing Documents. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 4.6 Actions Binding on Members. A majority of votes cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Governing Documents. As used in these Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

Section 4.7 Voting. Voting may be by voice, by show of hands, by consent, by electronic means, by directed proxy, by written ballot, or as otherwise determined by the Meeting Chair present at a meeting where a vote is to be taken. A secret ballot is required for all contested Board positions or upon the request of 20% or more Owners.

a. A neutral third party or randomly selected non-candidate Owners will count ballots. The results of the vote will be reported without reference to names, addresses, or other identifying information.

b. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

Section 4.8 Voting by Written Ballot or Electronic Communication. Pursuant the CRNCA, any action that may be taken at any annual, regular or special Member meeting may be taken without a meeting if the Secretary delivers a written ballot to every Member entitled to

vote on the matter. The Board may decide that voting by written ballot be permitted by e-mail, facsimile or other electronic communication.

a. A written ballot will: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action. Written ballot approval is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

b. All solicitations for votes by written ballot will: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of Directors; (iii) specify the time by which a ballot must be received by the Board in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

c. A written ballot may not be revoked.

Section 4.9 Proxies. Any Member may cast their vote in person or by proxy appointed in conformance with the C.R.S. § 7-127-203. No proxy will be valid if it is not dated, if it purports to be revocable without notice or if it is obtained through fraud or misrepresentation. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary at or before the appointed time of the meeting at which the proxy will be voted.

Section 4.10 Designation of Voting Representative by Non-Individual Owners-Requirement for Proxy. If title to a Townhome is held in whole or in part by a firm, corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary, and appointing and authorizing one person or alternate persons who is a Member, shareholder or beneficiary of such entity to attend all regular or special Member meeting and to cast the vote allocated to that Townhome at the meeting.

Section 4.11 Waiver of Notice. Waiver of notice of a Member meeting will be deemed the equivalent of proper notice. Any Member who furnishes his e-mail address to the Association and the Association delivers notice to such address is deemed to waive any notice by mailing or personal delivery. Any Member may waive, in writing, notice of any Member meeting, either before or after such meeting. A Member's attendance at a meeting, whether in person or by proxy, will be deemed the Member's waiver of notice of the time, date and place of the meeting unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting without proper notice, is raised before the business is put to a vote.

Section 4.12 Action Without a Meeting. Any action which may be taken by the vote of the Members at a regular or special meeting may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the Members.

Section 4.13 Teleconference. Any regular or special Member meeting may be conducted to permit a Member to participate by teleconference or other electronic means by which all persons participating in the meeting can hear one another. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

Section 4.14 Order of Business. The Board may establish the order of business at all Board or Member meetings. The Meeting Chair may revise the agenda as necessary.

ARTICLE V
EXECUTIVE BOARD: SELECTION; TERM OF OFFICE

Section 5.1 Number, Qualification and Term. The Board will initially consist of two (2) Directors appointed by Declarant during the Declarant Control Period described in Section 3.4 of the Declaration. After the non-Declarant Members elect a Director the Board will be increased to three (3) Directors. The number of Directors may be established from time to time by amendment to these Bylaws. Except for the initial Directors appointed by Declarant, the Directors will be Members of the Association or the delegates of Members appointed by proxy. The term of office will be three (3) years or until a successor is elected or appointed or until there is a decrease in the number of Directors. The terms of office will be staggered so that a system is established where one Director is elected each year.

Section 5.2 Voting Procedures Generally. In the election of the Board, each Member will have the right to vote the number of votes to which he is entitled for as many persons as there are Directors to be elected. Cumulative voting will not be allowed.

Section 5.3 Removal of Directors.

a. By the Members. Any Director, other than one appointed by Declarant, may be removed, with or without cause, at any regular or special Member meeting by vote of 67% of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any Director removed will be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the Members will be given notice of the proposed removal prior to the date of such meeting and will be given an opportunity to be heard at such meeting.

b. By the Board. Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or otherwise in violation of the Governing Documents for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special Board meeting at which a quorum is present, and the Board may appoint a successor. In the event of the death, disability, resignation or removal by the Board, as set forth in this subsection (b), of a Director,

the Board may declare a vacancy, and the Board may appoint a successor. Any successor the Board appoints will serve for the remainder of the term of the Director replaced.

Section 5.4 Vacancies. Any vacancy occurring on the Board, other than removal by the Members, may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. The term of the Director so elected will be coincident with the terms of the replaced Director.

Section 5.5 Compensation. No Director will receive compensation for service as a Director unless approved by majority vote of the Members. However, Directors may be reimbursed for actual, reasonable expenses incurred on behalf of the Association. The Association may compensate a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that such Director's interest is disclosed and approved by a majority of the Board, excluding the interested Director.

ARTICLE VI **POWERS AND DUTIES OF THE EXECUTIVE BOARD**

Section 6.1 General. The Board has the powers and duties necessary for the administration of the affairs of the Association as further specified in the Act, the Condominium Ownership Act and the Non-Profit Act. Except as provided by the Governing Documents or applicable laws, the Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

Section 6.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 6.1 above, the Board has the following powers and duties, in each case subject to applicable requirements of the Governing Documents and law:

a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

b. To establish, make or amend reasonable rules, regulations and policies from time to time and enforce compliance with such reasonable rules, regulations and policies as may be necessary for the operation, use and occupancy of the Property, subject to the provisions of the Declaration. A copy of such rules and regulations will be delivered, mailed by U.S. mail, posted on the Association's website, or by e-mail to each Member promptly after adoption. The Board will review all rules, regulations and policies to ensure conformance with applicable law and the current needs of the Project at each annual meeting when officers are elected.

c. To keep in good order, condition and repair the Common Elements and items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Bylaws.

d. To fix, determine, levy, and collect the prorated annual Assessments each Member will pay towards the gross expenses of the Project, and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

e. To levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so as provided in the Declaration.

f. To levy and collect default Assessments because the Association has incurred an expense on behalf of a Member under the Governing Documents.

g. To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner, and to exercise other remedies for delinquent Assessments as set forth in the Governing Documents.

h. Subject to Members' approval, to fix, determine, levy and collect the working capital funds each Member will pay towards the working capital account of the Association, and to propose, decreases or increases in the amount of working capital funds collected from each Member as provided in the Declaration.

i. To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board may deem necessary and such indebtedness will be the several obligation of all Owners in the same proportions as they share Common Expenses.

j. To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Members, and subject to such additional limitations as may be set forth in the Declaration or the Act, including without limitation the requirement of obtaining the prior approval of 67% of the votes of the Members present and voting in person or by proxy on the issue.

k. To enter into contracts within the scope of their duties and powers.

l. To establish a bank account for the operating account of the Association and for the reserve funds and adopt an investment policy for reserve funds as required or deemed advisable by the Board.

m. To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

n. To cause any and all access roads, parking areas, and roadways in and to the Property and across the Property to be maintained, repaired and replaced as necessary to the

extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration.

o. To maintain and remove snow from any and all driveways, roadways and parking areas at the Property and to maintain and replace as necessary the landscaping, lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Property for the benefit of the Members.

p. To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Bylaws and applicable law.

q. In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of ownership, all in accordance with the Declaration and applicable requirements of Colorado law.

r. To delegate to a Manager, or any other person or entity, such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (f), (g), (i), (j), (k) or (s) of this Section are duties reserved to the Board by law and may not be delegated.

s. To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.

t. To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by the Act.

u. To authorize as a Common Expense reimbursement of Directors for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of common interest owners associations. The course content of such educational meetings and seminars will be specific to Colorado, and will make reference to applicable sections of the Act.

Section 6.3 Manager. The Board may designate a Director or employ a professional management agent or agents as Manager for compensation established by the Board, to perform such duties and services as authorized by the Board. The Board may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, other than the powers set forth in subparagraphs ((d), (f), (g), (i), (j), (k) or (s) of Section 6.2 of this Article and duties reserved to the Board by law. If the Board delegates powers of the Board or officers relating to collection, deposit, transfer or disbursement of the Association funds to the Manager, then subparagraphs (a), (b), (c), (d) and (e) below will apply.

a. Fidelity Insurance. The Association or the Manager will maintain fidelity insurance coverage or a bond providing the same type of insurance as described in the

Declaration in an amount not less than the greater of (i) \$300,000, (ii) the amount of two month's current Assessments plus reserves, as calculated from the current budget of the Association, on all Townhomes in the Project, or (iii) such higher amount as the Board may require.

b. Maintain Association Accounts. The Manager will maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager and will maintain all reserve accounts of each association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association. Unless the Board gives express authorization, the Manager will not have authority to draw checks on, or transfer funds from, the Association's reserve account.

c. Accounting and Financial Information. Accounting, financial records and an audit or review will be prepared and presented as provided in the responsible governance policies adopted by the Board.

d. Management Agreement. If a Manager is employed, the management agreement must be for a specified term (not to exceed three (3) years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination for cause or require advance notice of termination without cause in excess of ninety (90) days. The Association has the right to renegotiate or terminate the management agreement without cause as provided in the Act.

e. Right of Entry. The Manager will have the right to enter each Townhome in case of any emergency originating in or threatening such Townhome whether or not the Owner or occupant is present at the time, but will provide notice to the Owner of such entry. The Manager and its authorized agents will also have the right to enter each Townhome to perform maintenance, repair and other work as prescribed by these Bylaws and the Declaration but reasonable notice will first be provided to the Owner.

ARTICLE VII **BOARD MEETINGS**

Section 7.1 Regular Meetings. Regular Board meetings will be held at such regular times as set by the Board, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than annually. If a regularly scheduled meeting falls on a legal holiday that meeting will be held at the same time on the next day which is not a legal holiday.

Section 7.2 Special Meetings. Special Board meetings will be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 7.3 Conduct of Board Meetings. All Board meetings will be governed by the rules of conduct and order provided in the responsible governance policies adopted by the Board.

Section 7.4 Quorum. A quorum is deemed present throughout any meeting of the Board if persons entitled to cast two-thirds (2/3) of the votes on the Board are present at the beginning of the meeting.

Section 7.5 Agendas and Attendance. All Members or their representatives may attend all regular and special Board or committee meetings. However, the chairman of the meeting must authorize Member participation. Agendas for Board meetings will be made reasonably available for examination by all Members or their representatives.

Section 7.6 Executive Sessions. Directors or any committee thereof may hold an executive or closed door session and may restrict attendance to Directors and such other persons the Board requests during a regular or specially announced meeting.

a. The matters to be discussed at such an executive session are as follows:

i. Matters pertaining to employees of the Association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;

ii. Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;

iii. Investigative proceedings concerning possible or actual criminal misconduct;

iv. Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and

v. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

b. No rule or regulation of the Board or committee thereof may be adopted during an executive session. The minutes of all meetings at which an executive session was held will indicate that an executive session was held, and the general subject matter of the executive session.

Section 7.7 Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

Section 7.8 Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board, any Director may

waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special Board meeting need be specified in the waiver of notice of such meeting.

Section 7.9 Action Taken Without a Meeting. The Board will have the right to take any action it could take at a meeting in the absence of a meeting as provided in the CRNCA, C.R.S. § 7-128-202. Any action so approved will have the same effect as though taken at a Board meeting.

Section 7.10 Teleconference Meetings. Any regular or special Board meeting may be conducted by teleconference or other electronic means by which all participants can hear one another. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VIII **OFFICERS AND THEIR DUTIES**

Section 8.1 Enumeration of Officers. The Association's officers will be a President, a Vice-President, a Secretary and Treasurer, all of whom must be Directors, and such other officers as the Board may from time to time create by resolution. Following the Period of Declarant Control, all officers of the Association must be Owners of Lots in the Project.

Section 8.2 Election of Officers. The election of officers will take place at the first meeting of the Board following each annual Member meeting.

Section 8.3 Term. The Board will elect the officers of the Association annually and each officer will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

Section 8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 8.5 Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

Section 8.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 8.8 Duties. The duties of the officers are as follows:

a. President. The President will preside at all meetings of the Association and of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify and record amendments to the Declaration on behalf of the Association, execute all instruments of conveyance; and exercise and discharge such other duties of the President as the Board may require.

b. Vice-President. The Vice-President will act in the place and stead of the President, in the event of his absence, inability or refusal to act, and will exercise and discharge such other duties as the Board may require.

c. Secretary. The Secretary will record the votes and keep the minutes of the meetings and proceedings of the Board and of the Members; serve notice of Board meetings and of the Members; keep appropriate current records listing the Members together with their addresses, execute all instruments of conveyance; and perform such other duties as the Board may require.

d. Treasurer. The Treasurer will receive and deposit in the appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board; sign all checks of the Association unless the Board specifically directs otherwise, and co-sign all promissory notes of the Association; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

Section 8.9 Delegation. The duties of any officer may be delegated to the Manager or another Director or designee, except the President and Secretary must execute all conveyances and contracts for the Association.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Definitions. For purposes of this Article, the following terms will have the meanings set forth below:

a. Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

b. Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a Director or officer of the Association or, while a Director or officer of the Association, is or was serving at the request

of the Association as a Director, committee Member, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 9.2 Indemnification. The Association will indemnify, if indemnification is authorized by C.R.S. § 7-129-102, any Indemnified Party in any Proceeding. The Association will advance the expenses of the Indemnified Party as provided in C.R.S. § 7-129-104.

Section 9.3 Insurance. By action of the Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him or her incurred by him or her in his or her capacity of or arising out of their status as an Indemnified Party, whether or not the Association would have the power to indemnify him or her against such liability under applicable provisions of law.

Section 9.4 Right to Impose Conditions to Indemnification. The Association will have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding will be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association will have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association will be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's rights of recovery, and that the person to be indemnified will execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE X

OBLIGATIONS OF THE OWNERS

Section 10.1 Community Quality of Life. All Owners are Members of the Association and will always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Project was built. Because neighbors rely on one another to maintain the quality of life and property values in the Project, each Member is more accountable to other Members than in other communities without shared common elements.

Section 10.2 Maintenance and Repair. Subject to Article 10 of the Declaration:

a. Owners must perform promptly at his own expense all maintenance and repair work within the Owner's Townhome if failure to do so would affect the Common Elements or other Townhomes.

b. Owners are responsible for all expense of the repairs of internal installations of the Townhome such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures within the Townhome.

c. Owners must reimburse the Association or another Owner promptly upon receipt of a statement for any expenditures the Association or another Owner incurs in repairing, replacing or restoring any Common Elements or any Townhome damage caused by the Owner, or the Owner's guests, invitees, or tenants, even if such act or omission was not negligent or resulting from failure to maintain a Townhome.

Section 10.3 Mechanic's Lien. Each Owner agrees to indemnify and to hold the Association and each of the other Owners harmless from any and all claims of mechanic's lien filed against other Townhomes or the common elements for labor, materials, services or other products incorporated in the Owner's Townhome or limited common elements. Within 30 days after a lien is filed the responsible Owner must either obtain a release of the lien or deposit cash or a bond to discharge the lien pursuant to Colorado law. Any amount owed by an Owner under the indemnity provided in this section may be assessed by the Association to the responsible Owner.

Section 10.4 Proof of Ownership. Upon taking ownership of a Lot, an Owner must upon request of the Association furnish a copy of the recorded instrument vesting such Owner's ownership interest. The Association will maintain the instrument as an Association record.

Section 10.5 Registration of Mailing Address. Within five (5) days after transfer of title each Owner must provide the Secretary or Manager with one registered mailing address or electronic address for delivery of monthly statements, notices, demands and all other communications. If no address is registered then the Owner's address on the deed will be used as the registered mailing address until the Owner(s) furnishes another registered mailing address pursuant to this section. A registered mailing address may be changed from time to time by proper notice to the Association.

ARTICLE XI **LENDERS**

Section 11.1 Notice to the Association. Upon written request by the Association Manager or Secretary an Owner will furnish the name, address and email or telephone contact information for any lender holding a security interest in the Owner's Lot.

Section 11.2 Notice of Unpaid Assessments. Upon request of a lender holding a security interest, the Association will provide a report of the Owner's unpaid Assessments.

ARTICLE XII **NONPROFIT CORPORATION**

This Association is not organized for profit. No Member, Director, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of any Director. Notwithstanding the foregoing, (a) reasonable compensation may be

paid to any Member or Director acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; (b) any Member Director may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and (c) any Director may be reimbursed for actual and reasonable expenses incurred in the performance of his duties.

ARTICLE XIII **AMENDMENTS**

Section 13.1 Amendment by the Board. The Board may amend these Bylaws by a vote of not less than 2/3 of the Directors at any regular or special Board meeting, except for amendments which must be approved by the Members as provided in the Act, C.R.S. §38-33.3-301(3). A statement of any proposed amendment will accompany the notice of any regular or special Board meeting at which such proposed amendment will be voted upon.

Section 13.2 Amendment by the Members. These Bylaws may be amended by the affirmative vote of the Members holding of 67% of the votes of the Association. However, notwithstanding the foregoing, no provisions of these Bylaws may be amended by a number of Members which is less than the number of Members required within that particular provision to take certain action. Amendments may be proposed by the Board or by petition signed by the holders of at least a majority of the votes. A statement of any proposed amendment will accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

Section 13.3 Scope of Amendments. These Bylaws may not be amended in a manner inconsistent with the Articles, the Declaration, or Colorado law.

ARTICLE XIV **MISCELLANEOUS**

Section 14.1 Fiscal Year. The Association's fiscal year will be from October 1 to September 30, which shall be subject to change by the Board as necessary.

Section 14.2 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

Section 14.3 Numbers and Genders. Whenever used herein, unless the context otherwise provides, the singular numbers include the plural, the plural the singular, and the use of any gender includes all genders.

CERTIFICATE

The undersigned Secretary of the Association does hereby certify that the above and foregoing Bylaws were duly adopted by the Executive Board and that they constitute the Bylaws of this Association.

RIVER RUN TOWNHOME OWNERS ASSOCIATION

By: _____
Date _____
_____, Secretary