

AMENDED AND RESTATED BYLAWS
OF
COLUMBINE VALLEY HOMEOWNERS ASSOCIATION

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AMENDED AND RESTATED BYLAWS
OF
COLUMBINE VALLEY HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
GENERAL

Section 1.1. Name. The name of the corporation is Columbine Valley Homeowners Association. It is a Colorado nonprofit corporation (the “Association”).

Section 1.2. Purpose of Bylaws. The purpose for which the Association is formed is to provide for beautification of the Columbine Valley community, provide for the general use, protection and benefit of the Lot Owners, and administer the Building and Use Restrictions of Columbine Valley recorded in the office of the Clerk and Recorder of Arapahoe County, Colorado (“Building and Use Restrictions”) and the Association’s Articles of Incorporation filed with the Colorado Secretary of State (“Articles of Incorporation”), and these Bylaws, and to otherwise endeavor to comply with Colorado law. All Owners of Lots and their guests, shall be subject in all respects to the terms and provisions set forth in these Bylaws. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of these Bylaws are accepted and shall be complied with.

Section 1.3. Terms Defined in Building and Use Restrictions. Terms which are defined in the Building and Use Restrictions shall have the same meanings in these Bylaws unless such terms are otherwise defined in these Bylaws.

Section 1.4. Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Common Interest Ownership Act (“CCIOA”), the Colorado Revised Nonprofit Corporation Act, the Building and Use Restrictions and the Articles of Incorporation of the Association, as any of the foregoing may be amended or supplemented from time to time. In the event of a conflict in the terms of the Building and Use Restrictions and the Articles of Incorporation, the Building and Use Restrictions shall control. In the event of a conflict in the terms of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE II OFFICES

Section 2.1. Principal Office. The principal office of the corporation shall be as determined by the Board of Directors (“Board”), but meetings of Members and directors may be held at such places within the State of Colorado as may from time to time be designated by the Board.

Section 2.2. Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent who resides in the State of Colorado and whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The registered office and the registered agent may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the office of the Secretary of State of Colorado.

Section 2.3. Registration With Colorado Department of Regulatory Agencies. The Association shall annually register with the Colorado Department of Regulatory Agencies, Division of Real Estate, HOA Information Office and Resource Center, or any replacement of such agency as required by Colorado law.

ARTICLE III MEMBERS

Section 3.1. Members. Each fee owner of a Lot shall be a Member of the Association, and all fee owners of a Lot, collectively, shall be entitled to one membership in the Association. The Association shall have one class of Members.

Section 3.2. Memberships Appurtenant to Lots. Each membership shall be appurtenant to the fee simple title to a Lot. The Membership shall automatically pass with fee title to the Lot. No Member may resign his, her or its membership without the conveyance of fee title to the Lot. Membership of the Association at all times shall consist exclusively of all Owners. There shall be only one membership per Lot. Co-Owners are jointly and severally obligated to perform the responsibilities of an Owner. The membership rights of an Owner which is not an individual may be exercised by any officer, director, partner, or trustee, or by an individual the Owner designates from time to time in a written instrument provided to the Association’s Secretary.

Section 3.3. Members Votes. The Owners of each Lot shall be entitled to one vote for each Lot owned within the Project. No Owner shall be entitled to vote in any matter unless that Member is in Good Standing with the Association. Good Standing means a Member is no more than thirty (30) days late in the payment of any Assessments, and who has none of his, her or its membership privileges suspended.

Section 3.4. Voting by Joint Members. If there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves, provided that in no event shall more than one vote be cast with respect to any Lot. If, however, the Owners of a Lot are unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost.

Section 3.6. Suspension of Voting Rights. Except for a Member who is not in Good Standing, which does not require further action by the Board to suspend voting privileges, the Board may suspend, after notice and hearing, the voting rights of a Member during and for up to sixty (60) days following any breach by such Member of any provision of the Building and Use Restrictions or of any rule or regulation adopted by the Association unless such breach is a continuing breach, in which case such suspension may continue for so long as such breach continues and for up to sixty (60) days thereafter.

Section 3.7. Transfer of Memberships on Association Books. Transfers of memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Lot to which the membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the membership as the owner of the membership entitled to all rights in connection therewith, including the right to vote and to receive notices.

ARTICLE IV MEETINGS OF MEMBERS

Section 4.1. Place of Members' Meetings. Meetings of Members shall be held at a location in the Town of Columbine Valley as may be fixed by the Board from time to time and specified in the notice of the meeting.

Section 4.2. Annual Meetings of Members. Regular annual meetings of the Members shall be held on a date and at a time selected by the Board in each year. At each annual meeting, the Members shall elect directors to fill vacancies in accordance with these Bylaws and conduct such other business as may properly come before the meeting.

Section 4.3. Special Meetings of Members. Special meetings of the Members may be called by the President or a majority of the members of the Board, and shall be called by the President at the request of Members to whom at least twenty percent (20%) of the total votes in the Association are allocated.

Section 4.4. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association, not less than ten (10) nor more than fifty (50) days before the date of the meeting, either by hand delivery or by United States mail, to each Member entitled to vote at such meeting. The notice of any meeting 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 Building and Use Restrictions, the Articles of Incorporation, or these Bylaws, and any proposal to remove an officer or director. Notice shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. Such physical posting is in addition to any electronic posting or electronic mail notices that the Board may determine to post. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Member at the address of his, her or its Lot or to any other mailing address designated in writing by the Member, with postage thereon prepaid; if delivered, such notice shall be deemed to have been delivered on the date of actual delivery thereof.

Section 4.5. Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than fifty (50) days prior to the meeting of Members or the event requiring a determination of Members.

Section 4.6. Proxies. A Member entitled to vote may vote in person or by proxy executed in writing by the Member and filed with the Secretary of the Association prior to the time the proxy is exercised. A Member may appoint a proxy by transmitting a facsimile or other electronic transmission providing a written statement of the appointment to the proxy. A proxy shall automatically cease upon the conveyance of the Member's Lot and the transfer of the Membership on the books of the Association. No proxy shall be valid after eleven (11) months from its date. A proxy is void if it is not dated or if it purports to be revocable without notice. Appointment of a proxy is revoked by the person appointing the proxy: (a) attending any meeting and voting in person; or (b) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. A proxy shall not be valid if obtained through fraud or misrepresentation.

Section 4.7. Quorum at Members' Meetings. Except as may be otherwise provided in the Building and Use Restrictions, the Articles of Incorporation or these Bylaws, a quorum is deemed present if persons entitled to cast twenty-five percent (25%) of the votes of Members who are eligible to vote are present, in person or by proxy, at the beginning of the meeting. A quorum of Members who are present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum.

Section 4.8. Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods not to exceed thirty (30) days after the date set for the original meeting.

Section 4.9. Vote Required at Members' Meetings. At any Members' meeting, if a quorum is present, in person or by proxy, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater percentage is required by law, the Building and Use Restrictions, the Articles of Incorporation or these Bylaws; except that in the case of elections in which there are more candidates than positions to be filled, the person (or persons if there is more than one position to be filled) receiving the highest number of votes cast shall be elected. Votes for contested positions on the Board shall be taken by secret ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the Members who are present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all Members are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Lot Owners who are selected or appointed at an open meeting, in a fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to names, addresses, or other identifying information of Lot Owners participating in the vote. No Member is entitled to vote who is not in Good Standing.

Section 4.10. Acceptance or Rejection of Vote, Consent, Ballot, Waiver or Proxy.

a. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation if the Secretary of the Association, or other officer of 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.

b. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 4.10 are not liable in damages for the consequences of the acceptance or rejection.

c. Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation under this Section 4.10 is valid unless a court of competent jurisdiction determines otherwise.

Section 4.11. Member Participation at Meetings. All meetings of the Association and Board are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

Section 4.12. Cumulative Voting Not Permitted. Cumulative voting by Members is not permitted.

Section 4.13. Order of Business. The order of business at any meeting of Members shall be as follows: (a) proof of notice of meeting or waiver of notice; (b) announcement of a quorum; (c) approval of minutes of preceding meeting; (d) election of Directors (at annual meetings or special meetings held for such purpose); and (e) other business.

Section 4.14. Expenses of Meetings. The Association shall bear the expenses of all meetings of Members.

Section 4.15. Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Section 4.15 shall be 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. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. In the event the action is for election of directors, there shall be space on the ballot for write in nominations. Action taken under this Section 4.15 has the same effect as action taken at a meeting of Members and may be described as such in any document.

ARTICLE V BOARD OF DIRECTORS

Section 5.1. General Powers and Duties of Board of Directors. The Board shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so, including those set forth in Article VII below. Without limiting the generality of the foregoing, the Board shall have the power to exercise or cause to be exercised all of the powers, rights and authority not reserved to Members in the Building and Use Restrictions, the Articles of Incorporation, these Bylaws, CCIOA or the Colorado Revised Nonprofit Corporation Act.

Section 5.2. Qualifications of Directors. A director shall be a natural person who is eighteen years of age or older and must be a Member or, if the Member is a limited liability company, partnership, corporation, trust or other type of entity, then a director must be an authorized agent of such entity. If a director conveys or transfers title to his or her Lot, then such director's term shall immediately terminate and a new director shall be selected as promptly as possible to take such director's place. No two directors shall be members from the same household. No Member may serve as a director if such Member is not in Good Standing with the Association. Any Member, or person who is related by blood, marriage, adoption, or who is a member, manager, shareholder, director, officer, agent, or employee of a Member, who is an adverse party to the Association in any legal proceeding or action shall not be qualified to serve as a director for the duration of the proceeding. If a Member is not qualified to serve as a director, the director's position shall be deemed vacant, and the vacancy may be filled in accordance with Section 5.7 of these Bylaws.

Section 5.3. Number of Directors. The number of directors of the Association shall be six (6). The number of Directors may be increased or decreased from time to time by amendment

to these Bylaws provided that the number of directors shall not be less than three (3) and no decrease in number shall have the effect of shortening the term of any incumbent Director.

Section 5.4. Term of Office of Directors. The Board shall be divided into three (3) classes as nearly equal in number as may be possible, with the term of office of one class expiring each year. If the number of directors is changed, any newly created directors' positions or any decrease in directors' positions shall be so apportioned among the classes as to make all classes as nearly equal in number as possible, but any newly created directors' positions shall not be filled until the next annual meeting of Members. Subject to the foregoing, at each annual meeting of Members the successors to the class of directors whose term is then expiring shall be elected to hold office for a term of three (3) years.

Section 5.5. Nomination. Nomination for election to the Board may be made by a Nominating Committee if such a committee is appointed, from time to time, by the Board, or in such other manner as determined by the Board. Nominations may also be made from the floor at any Member meeting.

Section 5.6. Election. Contested elections for members of the Board 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 as provided in these Bylaws. The persons receiving the largest number of votes shall be elected.

Section 5.7. Removal of Directors: Vacancies of Directors. Sixty-seven percent (67%) of the votes cast at any meeting of the Members at which a quorum is present, in person or by proxy, may remove any director with or without cause. Further, the Board shall have the power to declare the office of a director as vacant in the event such director fails to meet the qualifications of a director set forth in Section 5.2 above. In the event of death, resignation or removal of a director, his or her successor shall be selected by a majority of the remaining directors, whether or not such remaining directors constitute a quorum, or, at the discretion of the Board, the members may elect a successor director. A director selected to fill a vacancy shall serve for the unexpired term of the director being replaced.

Section 5.8. Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 5.9. Executive Committee. The Board, by resolution adopted by a majority of the directors in office, may, at any time and from time to time, appoint an Executive Committee,

which shall include one or more directors and which shall have and exercise all the powers of the Board in the management of the business and affairs of the Association, or such authority as the Board may from time to time delegate, except that no such committee shall exercise any of the authority prohibited by C.R.S. 7-128-206.

Section 5.10. Other Committees. The Board, by resolution adopted by a majority of the directors in office, may designate and appoint one or more other committees, including specifically an Architectural Control Committee, which may consist of or include Members who are not directors. Any such committee shall have and may exercise such authority as shall be specified in the resolution creating such committee, except that no such committee shall exercise any of the authority prohibited by C.R.S. 7-128-206. The Board shall have the right, from time to time and at any time, to add, remove or replace committee members.

Section 5.11. General Provisions Applicable to Committees. The appointment of any committee and the delegation thereto of authority shall not relieve the Board of any responsibility imposed upon it by law.

Section 5.12. Compensation. No Director shall receive compensation from the Association for serving on the Board. However, any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

Section 5.13. Loyalty. All directors are encouraged to share their views and opinions. Directors may vote in the minority on issues, however, once an issue is decided, each director agrees to work within the Association's processes and systems to advance the approved issue and not to either individually, or in collaboration with others, intentionally sabotage or subvert the work of the Board or the issue decided upon.

ARTICLE VI MEETINGS OF THE BOARD

Section 6.1. Place of Board Meetings. Meetings of the Board shall be held at a location in the Town of Columbine Valley or at such other place as may be fixed from time to time by the Board and specified in the notice of the meeting.

Section 6.2. Regular Meetings of Directors. The Board shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by resolution.

Section 6.3. Special Meetings of Directors. Special meetings of the Board may be called at any time by the President or any two members of the Board, upon not less than three (3) days' notice to each director.

Section 6.4. Open Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or to any person designated by a Member in writing. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Members or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue. Notwithstanding the foregoing, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of CCIOA, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session shall include only the following matters: (a) matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association; (b) 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; (c) investigative proceedings concerning possible or actual criminal misconduct; (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and (f) review of or discussion relating to any written or oral communication from legal counsel. Prior to the time the members of the Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above.

Section 6.5. Proxies. A director shall not be entitled to vote by proxy at any meeting of the Board.

Section 6.6. Quorum of Directors. A majority of the number of directors fixed in these Bylaws in office immediately before the meeting begins shall constitute a quorum for the transaction of business.

Section 6.7. Vote Required at Directors' Meeting. Each director shall be entitled to one vote. At any meeting of directors, if a quorum is present, a majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of any matter, unless a

greater proportion is required by law, the Building and Use Restrictions, the Articles of Incorporation or these Bylaws.

Section 6.8. Order of Business. The order of business at all meetings of the Board shall be as determined by the Board, and in the absence of such a determination, shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) approval of minutes of preceding meetings; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

Section 6.9. Officers at Meetings. The President shall act as chairman and the Secretary shall act as secretary at all meetings of the Members and the Board.

Section 6.10. Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such director.

Section 6.11. Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of directors may be taken without a meeting upon unanimous written approval of the action. Action taken without a meeting pursuant to this Section 6.11 has the same effect as action taken at a meeting of directors and may be described as such in any document. All writings made pursuant to this Section 6.11 shall be filed with the minutes of the meetings of the Board.

Section 6.12. Participation by Electronic Means. The Board may permit any director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VII POWERS AND DUTIES OF THE BOARD

Section 7.1. Powers. The Board may exercise any right or privilege given to it expressly, or by reasonable implication, by the Building and Use Restrictions, the Articles of Incorporation, these Bylaws, CCIOA or the Colorado Revised Nonprofit Corporation Act, or take action reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Building and Use Restrictions, the Articles of Incorporation, these Bylaws, CCIOA or the Colorado Revised Nonprofit Corporation Act or by law, the Board may exercise the Association's rights and powers without a vote of the membership. The Board's

authority with respect to the Common Elements is exclusive. No Member or other person shall attempt to engage or direct any contractor or employee of the Association on any private business of such person, or to otherwise direct, supervise or in any manner attempt to assert control over such contractor or employee during the hours that such contractor or employee is working on behalf of the Association. Without in any way limiting the general power of the Board as provided above, the Board shall have the power to:

- a. Determine budgets, and levy and collect assessments as more specifically provided for in these Bylaws;
- b. Adopt and publish rules, regulations, policies, procedures and guidelines, including architectural or design guidelines governing the Lots and any improvements or facilities thereon, and to establish penalties for the infraction thereof;
- c. Suspend the voting rights and other membership privileges of a Member, after notice and hearing as provided herein, for up to sixty (60) days following any infraction by such Member of any provision of the Building and Use Restrictions or of any rule or regulation adopted by the Association unless such infraction is a continuing infraction, in which case such suspension may continue for so long as such infraction continues and for up to sixty (60) days thereafter;
- d. Enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description;
- e. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the community;
- f. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not expressly reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Building and Use Restrictions;
- g. Declare the office of a director to be vacant in the event such member shall be absent from two (2) regular meetings of the Board during any one (1) year period;

Section 7.2. Duties. It shall be the duty of the Board to:

- a. Cause to be kept a complete record of all its acts and corporate affairs and keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid assessments;

b. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

c. Issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all persons who rely thereon in good faith;

d. Procure and maintain insurance, as the Board deems reasonable or necessary;

e. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity and income return;

f. Adopt responsible governance policies adopted under Section 38-33.3-209.5 of CCIOA.

To the extent it may be required by any statute, and if not required by statute then at the option of the Board, the Association, or any person who receives the delegation of duties relating to the collection, deposit, transfer or disbursement of Association funds, shall: maintain fidelity insurance or a bond in an amount not less than the greater of (a) fifty thousand dollars (\$50,000.00) or such higher amount as the Board may require) or (b) the estimated maximum amount of funds, including reserve funds, in the custody of the such person at any given time during the term of each policy as calculated from the current budget of the Association, or (c) a sum equal to three (3) months' aggregate assessments plus reserve funds.

Section 7.3. Limitation on Powers. The Board may not act on behalf of the Association to amend the Building and Use Restrictions, or to elect directors or determine the qualifications, powers and duties, or terms of office of directors, but the Board may fill vacancies in its membership for the unexpired portion of any term.

Section 7.4. Conflicts of Interest. If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any director, or a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest, then, in advance of entering into that contract, making the decision or taking the action, the interested Board member shall disclose the material facts as to the director's relationship or interest and as to the conflicting interest transaction. The Board

may in good faith authorize, approve, or ratify the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum.

ARTICLE VIII OFFICERS

Section 8.1. Officers, Employees and Agents. The officers of the Association shall consist of a President, a Secretary, a Treasurer and may include one or more Vice Presidents and such other officers, assistant officers, employees and agents as may be deemed appropriate or necessary by the Board from time to time. Officers shall be directors. The offices of President and Secretary may not be held by the same person. However, any person may simultaneously hold two or more of any of the other offices.

Section 8.2. Appointment and Term of Office of Officers. The officers shall be elected or appointed by acclamation by the Board at the first meeting of the Board held subsequent to the annual meeting of the Members, and shall hold office for one (1) year, unless the officer sooner resigns or is removed, or shall otherwise be disqualified to serve.

Section 8.3. Removal of Officers. Any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 8.4. Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 8.5. Vacancies in Offices. Any vacancy occurring in any office may be filled by the Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of its predecessor in office.

Section 8.6. President. The President shall be a director and shall be the principal executive officer of the Association, and subject to the control by the Board, shall direct, supervise, coordinate and have general control over the affairs of the Association, and shall have the powers generally attributable to the chief executive officer of a corporation. The President shall preside at all meetings of the Board and at all meetings of the Members.

Section 8.7. Vice Presidents. The Vice President(s), if appointed, may act in place of the President in case of his/her death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board or by the President.

Section 8.8. Secretary. The Secretary shall be the custodian of the records of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the Board and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary for whatever reason, including in case of death, absence or inability to act.

Section 8.9. Treasurer. The Treasurer shall be responsible for overseeing the deposit of all funds in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require; shall arrange for the annual reports required by these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to it by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer for whatever reason, including in case of death, absence or inability to act.

ARTICLE IX BUDGETS AND ASSESSMENTS

Section 9.1 Purpose of Common Expenses. The common expenses of the Association shall be determined by the Board in the annual budget as set forth in Section 9.3 of these Bylaws Declaration and may be used: (i) to promote, protect and enhance the value of the Lots; (ii) for the recreation, health, safety and welfare of the Members; and (iii) for all of those purposes and activities which may be required of the Association or which the Association may be empowered to undertake pursuant to the Association Documents, or by law.

Section 9.2 Personal Obligation. Each Owner is obligated to pay annual assessments to the Association. Each assessment is the personal obligation, jointly and severally, of the Owner(s) at the time the assessment became due and shall not pass to successors in title unless they agree to assume the obligation. No Owner may exempt himself from liability for the

Assessment by abandonment of his Lot. All Assessments shall be payable in accordance with the levy thereof, and no offsets or deductions thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board is not properly exercising its duties and powers. The obligation for such payments by each Owner, jointly and severally, to the Association is an independent covenant with all amounts due, from time to time, payable in full when due without notice or demand except as otherwise expressly provided in these Bylaws. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without pursuing or waiving other available legal remedies.

Section 9.3 Budget. Each year before the beginning of the next fiscal year, the Board shall adopt a budget based upon the Association's advance cash requirements needed by it to provide for the administration and performance of its duties during each fiscal year. Within thirty (30) days prior to the regular meeting of Members in March in the year in which the budget will become effective, the Board shall mail, by ordinary first-class mail, or by electronic mail to owners who have requested delivery by electronic mail, or otherwise deliver a summary of the budget to all the Owners.

Section 9.4 Annual Assessments. Annual assessments made for common expenses shall be based upon the budget adopted by the Board. Notwithstanding any other provision of these Bylaws to the contrary, the annual assessments levied against each Lot shall not exceed \$120 per year unless an increase is approved by the Owners to whom two-thirds (2/3rd) of the votes in the Association are allocated. The Board reserves the right to allocate. The omission or failure of the Association to fix the Annual Assessments for any assessment shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same.

Section 9.5 Special Assessments. In addition to annual assessments, the Board, by a vote or agreement of Owners to whom two-thirds (2/3rd) of the votes in the Association are allocated, may levy a special assessment, in any fiscal year for the funding of any operating deficit incurred by the Association or for any other purpose consistent with the terms of these Bylaws.

Section 9.6 Effect of Nonpayment. Any assessment or installment, whether pertaining to any annual assessment or approved special assessment which is not paid when due shall be delinquent. If an Assessment becomes delinquent, the Board, in its sole discretion, may take any or all of the following actions:

9.6.1 If the delinquency continues for a period of ninety (90) days, assess a late charge for each delinquency in such amount as the Board deems appropriate;

9.6.2 If the delinquency continues for a period of ninety (90) days, proceed in accordance with the Association's collection policy and assess an interest charge, in arrears, from the due date until paid at the yearly rate of eight percent (8%) per year or at such lesser rate as may be determined from time to time by the Board;

9.6.3 Suspend the voting rights of the Owner during any period of delinquency;

9.6.4 Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

9.6.5 Proceed with any other remedies provided by Colorado law.

Section 9.7 Assessment Lien. Assessments chargeable to any Lot shall constitute a lien on such Lot when such assessment becomes due. Such lien will be subject to the provisions of Colorado Revised Statutes, Section 38-33.3-316.

Section 9.8 Statement of Status of Assessment Payment. Upon fourteen (14) days' written request to the Association's registered agent by personal delivery or certified mail, first-class postage prepaid, return receipt, any Owner, designee of Owner, or security interest holder or its designee shall be furnished with a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Lot. Unless such statement is issued by personal delivery or by certified mail, first class postage prepaid, return receipt requested to the inquiring party (in which event the date of posting shall be deemed the date of delivery) within fourteen (14) days after receipt of the request, the Association shall have no right to assert a lien upon the Lot for unpaid Assessments which were due as of the date of the request.

ARTICLE X INDEMNIFICATION OF OFFICIALS AND AGENTS

Section 10.1. Certain Definitions. A "Corporate Official" shall mean any director or officer, and any former director or officer, of the Association. A "Corporate Employee" shall mean any employee, and any former employee, of the Association. "Corporate Official" and "Corporate Employee" shall not include any officer, director, agent or employee of any managing agent employed by the Association, and no such person shall have a right of indemnification hereunder. "Expenses" shall mean all costs and expenses including attorneys' fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. "Proceeding" shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending or completed, and shall include appeals.

Section 10.2. Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Board, indemnify any Corporate Employee, against any and all Expenses actually and reasonably incurred by or imposed upon it in connection with, arising out of, or resulting from, any Proceeding in which it is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in an official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against it solely by reason of being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Corporate Employee acted in good faith and such person reasonably believed that the conduct was in the Association's best interests and had no reasonable cause to believe that its conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of its duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

Section 10.3. Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Corporate Employee, in a Proceeding provided that the Corporate Official or Corporate Employee shall comply with the requirements of C.R.S. 7-129-104.

Section 10.4. Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Corporate Employee may be entitled.

Section 10.5. Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against it as a Corporate Official or Corporate Employee or arising out of its status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

ARTICLE XI NOTICE AND HEARING

Section 11.1. Notice and Hearing. In all instances where CCIOA, the Colorado Revised Nonprofit Corporation Act, or the Association Documents require notice and hearing, the Board shall comply with a written policy adopted by the Board that provides:

- a. Not less than fifteen (15) days prior written notice of the action to be taken and the reasons for such action;
- b. An opportunity for the affected member to be heard, orally or in writing, not less than five (5) days before the action to be taken by either the Board or a hearing committee appointed by the Board as provided herein;
- c. That the action taken shall be fair and reasonable taking into consideration all of the relevant facts and circumstances.

Section 11.2. Hearing Committee. In any instance that requires a hearing, the President may appoint a hearing committee (“Hearing Committee”) of three (3) natural persons who need not be Members of the Association. In appointing the members of the Hearing Committee, the President must insure that the members of the Hearing Committee be “Impartial Decision Makers” as that term is defined in C.R.S. 38-33.3-209.5. The Hearing Committee shall elect a chairman and appoint a hearing officer (who may be the same person as the chairman) who shall take evidence and ensure that a proper record of all proceedings is maintained.

ARTICLE XII BOOKS AND RECORDS

Section 12.1. Books and Records.

- a. The Association shall maintain and produce to Members, upon request, the following records which shall be deemed the sole records of the Association for the purpose of producing records to Members: records specifically defined in the Association’s Building and Use Restrictions or these Bylaws; records the Association is required to disclose within ninety days after the end of the fiscal year as required by CCIOA; detailed records of receipts and expenditures affecting the operation and administration of the Association; records of claims for construction defects and amounts received pursuant to settlement of those claims; minutes of all meetings of its Members and the Board; records of all actions taken by the Members or the Board without a meeting; records of all actions taken by any committee of the Board; written communications among, and votes cast by, members of the Board that are: (i) directly related to an action taken by the Board without a meeting pursuant to the Colorado Revised Nonprofit Corporation Act; or (ii) directly related to an action taken by the Board without a meeting

pursuant to these Bylaws; a list of the names of all Members and the physical mailing address at which the Association communicated with them and showing the number of votes each Member is entitled to cast; the Association's current Building and Use Restrictions, covenants, bylaws, articles of incorporation, rules and regulations, responsible governance policies and other policies adopted by the Board; financial statements for the past three years and tax returns of the Association for the past seven years; a list of the names, electronic mail address, and physical mailing addresses of the current members of the Board and officers of the Association; the most recent Annual Report delivered to the Colorado Secretary of State; financial records sufficiently detailed to enable the Association to provide a Member with a written statement stating the amount of unpaid assessments currently levied against the Member's Lot; the Association's most current reserve study (if any); current written contracts to which the Association is a party and contracts for work performed within the past two years; records of Board of committee actions to approve or deny any requests for design or architectural approval from Members; ballots, proxies and other records related to voting by Members for one year after the election, action or vote; resolutions adopted by the Board relating to characteristics, qualifications, limitations and obligations of Members; and all written communications within the past three years sent to all Members.

b. Pursuant to CCIOA, the Board, at its discretion or as otherwise provided for in a policy adopted by the Board, may withhold the following documents from production to Members: architectural drawings, plans, and designs, unless released upon written consent of the legal owners of the drawings, plans or designs; contracts, leases, bids or records related to transactions to purchase or provide goods or services that are currently in or under negotiations; communications with legal counsel that are otherwise protected by attorney-client privilege or the attorney work product doctrine; disclosure of information in violation of law; records of an executive session of the Board; and records relating to or concerning individual Lots other than those of the requesting Member.

c. Pursuant to CCIOA, the Association is required to withhold the following records from production to Members: personnel, salary or medical records relating to specific individuals; personal identification and account information of Members, including bank account information, telephone numbers, electronic mail addresses, driver's license numbers and social security numbers. However, the Association is permitted to publish in an Association directory, the telephone number and electronic mail address of any Member who first provides written permission to the Association to disclose such information.

d. The Association is permitted to impose a reasonable charge, which may be collected in advance, to cover the costs of labor and materials necessary to provide copies of records to Members. All books and records of the Association shall be reasonably available for inspection

by any Member or such Member's authorized agent. Reasonably available shall mean available for inspection at the Association's principal office, upon at least ten business days advance notice, during normal business hours to the extent that the request is submitted in writing and reasonably describes the records the Members is seeking to inspect and/or copy. Notwithstanding the above, all permitted books and records may also be inspected at the next regularly scheduled meeting of the Board if such meeting occurs within thirty (30) days after the request.

- e. Membership lists, or any part thereof, may not be:
1. Obtained or used by any person for any purpose unrelated to a Member's interest as a member of the Association;
 2. Used to solicit money or property, unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association;
 3. Used for any commercial purpose; or
 4. Sold to or purchased by any person.

Section 12.2. Public Disclosure.

- a. In the event the Association's address, designated agent, or management company changes, the Association shall make updated information available within ninety (90) days after the change including:
1. The name of the Association;
 2. The name of the Association's designated agent or management company, if any;
 3. A valid physical address and telephone number for both the Association and the designated agent or management company, if any;
 4. The name of the community;
 5. The initial date of recording of the Building and Use Restrictions; and
 6. The reception number or book and page for the main document that constitutes the Building and Use Restrictions.

b. Within ninety days after the end of each fiscal year, the Association shall make the following information available to Members upon reasonable notice in accordance with subparagraph c of this section:

1. The date on which its fiscal year commences;
2. Its operating budget for the current fiscal year;
3. A list of the Association's current assessments, including special assessments, if any;
4. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
5. The results of its most recent available financial audit or review for the fiscal year immediately preceding the current annual disclosure;
6. A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insured, and expiration dates of the policies listed;
7. The Association's Bylaws, Articles and Rules and Regulations;
8. The minutes of the Board and Member meetings for the fiscal year immediately preceding the current annual disclosure; and
9. The Association's responsible governance policies adopted under Section 38-33.3-209.5 of CCIOA.

c. It is the intent of this section to allow the Association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to Members at their convenience. Disclosure shall be accomplished by one of the following means: Posting on an Internet web page with accompanying notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a Common Expense.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Amendment of Bylaws. The Board shall have the power to alter, amend or repeal these Bylaws or any provision herein, or to adopt new Bylaws, except the provisions of Article IX, which may only be amended by vote or agreement of Owners to whom at least a majority of the votes in the Association are allocated. Further, the Members, by a majority of votes present in person or by proxy at a meeting called for that purpose at which a quorum is present in person or by proxy at the commencement of the meeting, shall also have the power to alter, amend or repeal these Bylaws and to adopt new Bylaws, except the provisions of Article IX, which may only be amended by vote or agreement of Owners to whom at least a majority of the votes in the Association are allocated. If, however, the Members make, amend or repeal any bylaw, the Board shall not thereafter amend the same in such manner as to defeat or impair the object of the Members in taking such action. These Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with law, the Building and Use Restrictions or the Articles of Incorporation.

Section 13.2. Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law, and shall pay the fee for such filing as prescribed by law.

Section 13.3. Fiscal year. The fiscal year of the Association shall begin on January 1 of each year and end the succeeding December 31.

Section 13.4. Share of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid, and no part of the income shall be distributed to its Members, directors or officers. Notwithstanding the foregoing, upon dissolution or final liquidation thereof, the Association, may make distributions in the manner provided by CCIOA; but no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

Section 13.5. Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, directors or officers, and any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 13.6. Limited Liability. Except as may otherwise be provided by law, the Association, the Board, and any officer, director, Member, agent or employee of any of the same,

shall not be liable to any person for any action or for any failure to act if the action taken or failure to act was in good faith and without malice.

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