

**BYLAWS
OF
OWL RIDGE OWNERS ASSOCIATION**

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**BYLAWS
OF
OWL RIDGE OWNERS ASSOCIATION**

ARTICLE 1 - GENERAL

1.1. Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of Owl Ridge Owners Association, a Colorado non-profit corporation (the "Association") organized to be the association to which reference is made in the Declaration for Owl Ridge Subdivision ("Declaration"), executed by TSM Development, LLC, a Colorado limited liability Association ("Declarant"), to perform the functions as provided in the Declaration and to further the interests of Owners of Units described in the Map in the Declaration, (the "Neighborhood Association Area").

1.2. Terms Defined in Declarations. Capitalized terms in these Bylaws shall have the same meaning as any similarly capitalized terms in the Declaration, unless otherwise provided herein or the context otherwise requires.

1.3. Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Colorado Revised Nonprofit Corporation Act, the Colorado Common Interest Ownership Act (the "Act"), the Declaration and the Articles of Incorporation of Owl Ridge Owners Association filed with the Secretary of State of Colorado (the "Articles of Incorporation"), as any of the foregoing may be amended from time to time.

ARTICLE 2 - OFFICES

2.1. Principal Office. The initial principal office of the Association shall be at 7785 Highland Meadows Parkway, Suite 203, Windsor, Colorado. The Executive Board, in its discretion, may change from time to time the location of the principal office, provided that, at such time as suitable quarters can reasonably be obtained within the Neighborhood Association Area, the principal office of the Association shall be located within the Neighborhood Association Area.

2.2. Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continually maintain in the State of Colorado a registered office and a registered agent 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 initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association but may be changed by the Association at any time, without amendments to the Articles of Incorporation, by filing a statement as specified by law in the Office of the Secretary of State of Colorado.

ARTICLE 3 - MEMBERS

3.1. Members. A "Member" as provided in the Declaration, is the Person, or if more

than one, all Persons collectively, who constitute the Owner of a Unit within the Neighborhood Association Area. The rights and obligations associated with being a Member are referred to herein as a "Membership". The Declarant shall hold a Membership in the Association for each Unit owned by Declarant.

3.2. Memberships Appurtenant Site. Each Membership shall be appurtenant to the fee simple title to a Unit. The Person or Persons who constitute the Owner of fee simple title to a Unit shall automatically be the holder of the Membership appurtenant to that Unit and the Membership shall automatically pass with fee simple title to the Unit. Declarant shall hold one Membership in the Association for each Unit owned by Declarant. No Member shall, however, be entitled to resign from the Association. Membership in the Association shall not be assignable separate and apart from fee simple title to a Unit except that an Owner may assign some or all of the Owner's rights as an Owner and as a Member of the Association to a tenant or First Mortgagee and may arrange for a tenant or First Mortgagee to perform some or all of such Owner's obligations as provided in the Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for fulfillment of the obligations of an Owner under the Declaration. The rights acquired by any such tenant or First Mortgagee shall be extinguished automatically upon termination of the tenancy or First Mortgagee. The assignment of rights by an Owner pursuant to this Section shall not be subject to any present or future statutory time limit for the duration of proxy rights.

3.3. Voting Rights of Members. Each Member shall have the right to cast a vote for the election of an Executive Board Member to the Association. Each position shall be filled separately and election shall be by ballot if there is more than one (1) nominee. To be elected, a nominee shall receive a majority of all votes cast for the separate vacancy for which the nominee was nominated. Newly elected Executive Board Members shall become members of the Board at the first meeting of the Executive Board following their election.

3.4. Declarant's Right to Appoint During Period. The Declarant, or Persons appointed by the Declarant, may appoint and remove all officers and members of the Executive Board of the Association from and after the date of Recordation of the Declaration until the date which is:

- (a) Sixty (60) days after conveyance of seventy-five percent (75%) of the initially designated Residential Units to Owners other than Declarant;
 - (b) Two (2) years after Declarant has ceased to offer Residential Units for sale in the ordinary course of business;
 - (c) Two (2) years after any right to add new Residential Units was last exercised;
- or
- (d) Two (2) years after the recordation of this Declaration.

From and after the date of termination of the Period of Declarant Control, the Owners, including Declarant (if Declarant is then an Owner), shall elect a Executive Board of the Association of at least **three (3)** members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant. The Declarant may

voluntarily surrender any or all of the foregoing rights to appoint and remove officers and members of the Executive Board before termination of the Period of Declarant Control; but, in that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

3.5. Voting by Joint Owners. If there is more than one person who constitutes the Owner of a Unit, each such Person shall be entitled to attend any meeting of Members of the Association but the voting power attributable to the Unit shall not be increased. In all cases in which more than one Person constitutes the Owner of a Unit, including instances in which a Unit is owned by a husband and wife, then, unless written notice to the contrary, signed by any one of such Persons, is given to the Executive Board of the Association prior to the meeting, any one such Person shall be entitled to cast, in person or by proxy, the vote attributable to the Unit, and it shall be presumed that they are in agreement with respect to the manner that such vote is cast. If, however, more than one Person constituting such Owner attends a meeting in person or by proxy, and seeks to cast the vote attributable to the Unit, then the act of those Persons owning a majority in interest in such a Unit shall be entitled to cast the vote attributable to such Unit.

3.6. Resolution of Voting Dispute. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of Members at a meeting, the Executive Board of the Association shall act as arbitrators and the decision of a disinterested majority of the Executive Board shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended provided, however, that the Executive Board shall have no authority or jurisdiction to determine matters relating to the entitlement of Declarant to vote or relating to the manner of exercise by Declarant of its voting rights.

3.7. Suspension of Voting Rights. If and to the extent permitted by the Act, the Executive Board may suspend, after notice and hearing, the voting rights of a Member during and for up to 60 days following any breach by such Member or a related user of such Member of any provision of the Declaration 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 60 days thereafter.

3.8. Transfer of Memberships on the 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 Unit 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 the rights in connection therewith, including the rights to vote and to receive notice.

3.9. Assignment of Voting Rights to Tenants and Mortgagees. Upon prior written notice to the Association, a Member may assign the voting rights appurtenant to the Unit of such Member to a tenant occupying Member's Unit or to a First Mortgagee of Member's Unit for the term of the lease or the First Mortgage and any sale, transfer or conveyance of the Unit shall,

unless otherwise provided in the document of sale, transfer or conveyance, be subject to any such assignment of voting rights to any tenant or First Mortgagee. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association. The assignment shall automatically become void upon termination of the tenancy or First Mortgage. An assignment in accordance with this Section shall not be considered a proxy and shall not be subject to the limitation on duration of proxies.

ARTICLE 4 - MEETINGS OF MEMBERS

4.1. Place of Members' Meetings. Meeting of Members of the Association shall be held at the principal office of the Association or at such other place, within or convenient to the Neighborhood Association Area, as may be fixed by the Executive Board and specified in the notice of the meeting.

4.2. Annual Meetings of Members. Annual meetings of the Members shall be held beginning in 2007, on such day and at such time of day as is fixed by the Executive Board of the Association or by Members holding not less than 20% of the total votes of all Members in the Association. No business shall be transacted at a special meeting of Members except as indicated in the notice thereof.

4.3. 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 Executive Board of the Association may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than 50 days prior to the meeting of Members or the event requiring a determination of Members.

4.4. Notice of Members' Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than 15 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Member entitled to vote at such meeting. The notice of an annual meeting shall include the names of any known candidate to the Executive Board and shall identify any other matter which it is known may come before the meeting. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. The notice of any annual or special meeting shall state any matter a Member intends to raise at the meeting if requested to do so by a person entitled to call a special meeting by a written request received by the Secretary or President of the Association at least ten days before notice of the meeting is given by the Association. If mailed, such notice shall be deemed to be delivered on the earlier of the date actually received or five days after deposit in the United States mail addressed to the Member at the Member's address as it appears on the records of the Association, with first class postage affixed thereon.

4.5. Proxies. A Member entitled to vote may vote in person or by proxy in writing executed by the Member or Member's authorized attorney-in-fact and filed with the Secretary of the meeting prior to the time the proxy is exercised. The filing of a proxy by a Member may

include, without limitation, the transmission of the same by telegram, teletype, facsimile or other electronic transmission to the Secretary of the meeting provided that such transmitted proxy shall set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the proxy. Any proxy may be revoked, prior to the time the proxy is exercised, by a Member in person at a meeting or by revocation in writing filed with the Secretary. A proxy shall automatically cease upon the conveyance by a Member of the Unit of the Member and the transfer of the Membership on the books of the Association. No proxy shall be valid after 11 months after the date of its execution unless otherwise provided in the proxy and no proxy shall be valid in any event for more than three years after its date of execution. Any form of proxy furnished or solicited by the Association and any form of written ballot furnished by the Association shall afford an opportunity thereon to specify a choice between approval and disapproval of each matter or group of related matters which is known, at the time the form of proxy or written ballot is prepared, may come before the meeting and shall provide, subject to reasonably specified conditions, that if a Member specified a choice with respect to any such matter, the vote shall be cast in accordance therewith.

4.6. Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy, of Members entitled to cast at least 20% of the votes of all Members of the Association shall constitute a quorum at any Member meeting of the Association.

Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members resulting in less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence, in person or by proxy, of Members entitled to cast at least 20% of the votes of all Members shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

4.7. Attendance by Telecommunication. If a Member so requests in a written notice given to the Secretary of a meeting of the Association at least 7 days prior to the meeting and if the Executive Board agrees, in its sole discretion, to permit the same, such Member may participate in such meeting, or such meeting may be conducted through the use of any means of communication by which such Member may hear each other person present during such meeting. A Member participating in a meeting by the foregoing means shall be deemed to be present in person at such meeting.

4.8. Adjournment 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 shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted

at the meeting as originally called.

4.9. Vote Required at Members' Meetings. At any meeting of Members if a quorum is present, 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 proportion is required by law (including, without limitation, the Act), the Declaration, the Articles of Incorporation or these Bylaws.

4.10. Cumulative Voting Not Allowed. Cumulative voting is prohibited at any and all meetings of the Association.

4.11. Order of Business. The order of business at any meeting of Members shall be as follows:

- (a) roll call to determine the voting power represented at the meeting;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading of minutes of preceding meeting;
- (d) report(s) of the Executive Board; and
- (e) elections of Executive Board Members (at annual meetings or special meetings held for such purpose).

4.12. Certification of Election After Meeting. Promptly after any meeting of Members to elect an Executive Board Member, the Secretary of the Association shall certify in writing to the Executive Board of the Association the name and address of the Executive Board Member elected and the time and place of the meeting at which the Executive Board Member was elected.

4.13. Expenses of Meetings. The Association shall bear the expenses of all meetings of Members and Executive Board Members.

4.14. Waiver of Notice. A waiver of notice of any meeting of Members, signed by a Member, whether before or after the date or time stated in the notice as the date or time when the meeting will occur or has occurred, shall be equivalent to the giving of notice of the meeting to such Member. Attendance of a Member at a meeting, either in person or by proxy, shall constitute waiver of notice of such meeting unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice. Additionally, attendance of a Member at the meeting, in person or by proxy, shall constitute waiver of objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

4.15. Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof, and otherwise in accordance with the requirements of the Colorado Revised Nonprofit Corporation Act.

4.16. Action by Written Ballot. Any action that may be taken at any annual, regular or special meeting of the Members may be taken without a meeting by written ballot delivered to every Member entitled to vote on the matter. The procedure for actions by written ballot shall be governed by the Colorado Revised Nonprofit Corporation Act.

ARTICLE 5 - EXECUTIVE BOARD MEMBERS

5.1. Executive Board Members. An “Executive Board Member” is the natural Person selected by Members to represent and to a vote on behalf of the Members at a Board Meeting.

5.2. Voting Rights of Executive Board Members. Each Executive Board Member shall have one (1) vote. Each Executive Board Member may cast the vote which he or she represents in such manner as the Executive Board Member, in his or her sole discretion, deems appropriate.

5.3. Qualification of Executive Board Members. An Executive Board Member must be a resident of a Unit within the Neighborhood Association Area or if any Owner is not a natural Person, must be an authorized agent of the Owner. If an Executive Board Member conveys or transfers title to his or her Unit or ceases to reside in the Neighborhood Association Area, or if an Executive Board Member who is an authorized agent of an Owner which is not a natural Person ceases to be such authorized agent, or if the entity of which a Executive Board Member is an agent transfers title to its Unit, such Executive Board Member’s term as an Executive Board Member shall immediately terminate and a new Executive Board Member shall be elected as promptly as possible to take such Executive Board Member’s place. An Executive Board Member may be re-elected and there shall be no limit on the number of terms an Executive Board Member may serve.

5.4. Term of Office of Executive Board Members. Each Executive Board Member elected at an annual meeting of Members shall continue in office until the next annual meeting of the Association or until a successor is elected, whichever is later, unless such Executive Board Member resigns, is removed, or becomes disqualified to be an Executive Board Member.

5.5. Removal of Executive Board Members. At any duly called meeting of Members of the Association, the notice of which indicates such purpose, an Executive Board Member may be removed, with or without cause, by a vote of the majority of the votes of Members present at such meeting in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created.

5.6. Resignation of Executive Board Members. Any Executive Board Member may resign at any time by giving written notice to the President, to the Secretary or to the Executive Board of the Association stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

5.7. Vacancies. Any vacancy occurring in the office of an Executive Board Member shall, unless filled in accordance with **Section 5.5**, be filled at a special meeting, called for such

purpose, by Members of the Association. An Executive Board Member elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

ARTICLE 6 - MEETING OF EXECUTIVE BOARD MEMBERS

6.1. Place of Executive Board Member Meetings. Meetings of Executive Board Members shall be held at the principal office of the Association or at such other place, within or convenient to the Neighborhood Association Area, as may be fixed by the Executive Board and specified in the notice of the meeting.

6.2. Annual Meetings of Executive Board Members. Annual meetings of the Executive Board shall be held beginning in 2006, on such day and at such time of day as is fixed by the Executive Board and specified in the notice of meeting. Annual meetings of Members shall be held to elect Executive Board Members of the Association and to transact such other business as may properly come before the meeting.

6.3. Special Meetings of Executive Board Members. Special meetings of the Executive Board may be called by the President of the Executive Board or by Executive Board Members representing at least 51% of the total voting power of Executive Board Members. No business shall be transacted at a special meeting of the Executive Board except as indicated in the notice thereof.

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

6.5. Notice of Executive Board Member's Meetings. Written notice stating the place, day and hour of any meeting of Executive Board Members shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each Executive Board Member entitled to vote at such meeting.

6.6. Proxies. There shall be no voting by proxy at any meeting of Executive Board Members.

6.7. Quorum at Executive Board Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting of Executive Board Members or with respect to votes to increase the maximum annual Common Assessment pursuant to the Declaration, the presence in person or by proxy of Executive Board Members entitled to cast at least 50% of the votes of all Executive Board Members shall constitute a quorum at any meeting

of Executive Board Members. Executive Board Members present at a duly organized meeting of Executive Board Members may continue to transact business until adjournment, notwithstanding the withdrawal of Executive Board Members so as to leave less than a quorum. If the required quorum is not present at any meeting of Executive Board Members, another meeting may be called, subject to the notice requirements hereinabove specified, and the presence of Executive Board Members entitled to cast at least 50% of the votes of all Executive Board Members shall, except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, constitute a quorum at such meeting.

6.8. Attendance by Telecommunication. If an Executive Board Member so requests in a written notice given to the Secretary of a meeting at least 7 days prior to the meeting and if the Executive Board agrees, in its sole discretion, to permit the same, such Executive Board Member may participate in such meeting, or such meeting may be conducted through the use of any means of communication by which such Executive Board Member may hear each other person present during such meeting. An Executive Board Member participating in a meeting by the foregoing means shall be deemed to be present in person at such meeting.

6.9. Adjournments of Executive Board Members' Meeting. Executive Board Members present at any meeting of Executive Board Members may adjourn the meeting from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods of not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

6.10. Vote Required at Executive Board Members' Meeting. At any meeting of Executive Board Members, 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 the matter, unless a greater proportion is required by law (including, without limitation, the Act), the Declaration, the Articles of Incorporation or these Bylaws.

6.11. Cumulative Voting Not Permitted. Cumulative voting by Members in the election of Executive Board Members shall not be permitted.

6.12. Order of Business. The order of business at all meetings of Executive Board Members shall be as follows:

- (a) roll call;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) reports of committees;
- (f) unfinished business; and
- (g) new business.

6.13. Officers of Meetings. The President of the Association shall act as chairman and the Secretary of the Association shall act as secretary of any meeting of Executive Board Members. In the absence of the President, then the Vice President, the Secretary or the Treasurer, in that order, shall act as chairman of the meeting. In the absence of the Secretary, then any Assistant Secretary, the Treasurer or any Assistant Treasurer, in that order, shall act as a secretary of the meeting.

6.14. Waiver of Notice. A waiver of notice of any meeting of Executive Board Members, signed by an Executive Board Member, whether before or after the date or time stated in the notice as the date or time when the meeting will occur or has occurred, shall be equivalent to the giving of notice of the meeting to such Executive Board Member. Attendance of an Executive Board Member at a meeting shall constitute waiver of notice of such meeting unless the Executive Board Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice. Additionally, attendance of an Executive Board Member at the meeting shall constitute waiver of objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Executive Board Member objects to considering the matter when it is presented.

6.15. Action of Executive Board Members Without a Meeting. Any action that may be taken or which may be taken at a meeting of Executive Board Members, may be taken without a meeting if a consent, in writing, setting forth the action so taken, shall be signed by all of the Executive Board Members, and otherwise in accordance with the applicable requirements of the Colorado Revised Nonprofit Corporation Act.

6.16. Action by Written Ballot. Any action that may be taken at any regular or special meeting of the Executive Board may be taken without a meeting by written ballot delivered to every Executive Board Member entitled to vote on the matter. The procedure for actions by written ballot shall be governed by the Colorado Revised Nonprofit Corporation Act.

6.17. Members' Right to Attend. Any Owner shall be entitled to attend any meeting of the Executive Board.

ARTICLE 7 - EXECUTIVE BOARD

7.1. General Powers and Duties of Board. The Executive 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. Without limiting the generality of the foregoing, the Executive Board shall have the power to exercise or cause to be exercised for the Association, all of the powers, rights and authority of the Association not reserved to Members or the Executive Board Members in the Declaration, the Articles of Incorporation, these Bylaws, the Act or the Colorado Revised Nonprofit Corporation Act. In no case, however, shall the Executive Board have the power to act on behalf of the Association to amend the Declaration, to terminate the common interest community created pursuant to the Declaration or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office, of members of the

Executive Board, except that the Executive Board may fill vacancies in its membership for the unexpected portion of any term as provided herein.

7.2. Special Powers and Duties of Board. Without limiting the foregoing statement of general powers and duties of the Executive Board or the powers and duties of the Executive Board as set forth in the Declaration, the Executive Board of the Association shall be vested with and responsible for the following specific powers and duties:

(a) Assessments. The duty to fix and levy from time to time Common Assessments, Special Assessments, Reimbursement Assessments, Reconstruction Assessment and any other Assessments upon the Members of the Association as provided in the Declaration; to determine and fix the due date for the payment of such Assessments and the date upon which the same shall become delinquent; and to enforce the payment of such delinquent Assessments as provided in the Declaration.

(b) Insurance. The duty to procure and pay premiums for fire and casualty and liability and other insurance in accordance with the provisions of the Declaration.

(c) Common Elements. The duty to accept the title to and manage and care for the Common Elements, to employ personnel necessary for the care and operation of the Common Elements, and to contract and pay for necessary improvements on property acquired by the Association.

(d) Agents and Employees. The power to select, appoint, and remove all officers, agents, and employees of the Association and to prescribe such powers and duties for them as may be consistent with law, with the Articles of Incorporation, the Declaration and these Bylaws; and to fix their compensation and to require from them security for faithful service as deemed advisable by the Executive Board.

(e) Borrowing. The power, with the approval of 67% of the Members, to borrow money and to incur indebtedness for the purposes of the Association, and to cause to be executed and delivered promissory notes, bonds, debentures, mortgages, pledges, hypothecations or other evidences of debt and securities therefor, including, without limitation, mortgages or security interests encumbering the Common Elements and assigning the Association's right to future income, including its right to receive Assessments.

(f) Enforcement. The power to enforce the provisions of the Declaration, the Rules and Regulations of the Association, these Bylaws or other agreements of the Association.

(g) Delegation of Powers. The power of the Executive Board to delegate its powers according to law.

(h) Easements. The power to grant easements where necessary for utilities and other facilities over the Neighborhood Association Area.

(i) Rules and Regulations. The power to adopt such rules and regulations as the Executive Board may deem necessary for the management of the Neighborhood Association Area. Such Rules and Regulations may concern, without limitation, use of the Common Elements; signs; parking restrictions; common collection and disposal of refuse; minimum standards of property maintenance consistent with the Declaration and the provisions of the Architectural Committee; and any other matters within the jurisdiction of the Association as provided in the Declaration provided, however, that such Rules and Regulations shall be enforceable only to the extent that they are consistent with the Act, Declaration, the Articles of Incorporation and these Bylaws.

(j) Executive Board Member Absences. The power to declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from at least three consecutive regular meetings of the Executive Board.

7.3. Qualifications of Executive Board Members. An Executive Board Member shall be a natural person who is twenty-one years of age or older. Except for any Executive Board Member appointed by Declarant, an Executive Board Member must be an Owner of a Unit within the Neighborhood Association Area, or, if the Owner of any such Site is a partnership, corporation or other entity not a natural person, must be an authorized agent of such partnership, corporation or other entity. If an Executive Board Member conveys or transfers title to his Unit, or if an Executive Board Member who is an authorized agent of a partnership, corporation or other entity ceases to be such authorized agent, or if the partnership, corporation or other entity of which an Executive Board Member is an agent transfers title to its Unit, such Executive Board Member's term as an Executive Board Member shall immediately terminate and a new Executive Board Member shall be selected as promptly as possible to take such Executive Board Member's place. An Executive Board Member may be re-elected and there shall be no limit on the terms an Executive Board Member may serve.

7.4. Nomination of Executive Board Members. Except for Executive Board Members appointed by Declarant, nomination for election to the Executive Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meetings of Members. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting of the Members, to serve from the close of such annual meetings until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

7.5. Number of Executive Board Members. The number of Executive Board Members of the Association shall be three. The number of Executive Board Members may be increased or decreased from time to time by amendment to these Bylaws provided that the number of Executive Board Members shall not be less than three and no decrease in number shall have the effect of shortening the term of any incumbent Executive Board Member.

7.6. Term of Office of Executive Board Members. An Executive Board Member shall serve a term of one year.

7.7. Resignation of Executive Board Members. Any Executive Board Member may resign at any time by giving written notice to the President, or to the Secretary or to the Executive Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

7.8. Vacancies in Executive Board Members. Any vacancy occurring in the Executive Board shall, unless filled by the Declarant as provided herein, or by election at a special meeting of Executive Board Members, be filled by the affirmative vote of a majority of the remaining Executive Board Members, though less than a quorum of the Executive Board. An Executive Board Member elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office. An Executive Board Membership to be filled by reason of an increase in the number of Executive Board Members shall be filled only by vote of the Members or by appointment by the Declarant as provided herein.

7.9. Executive Committee. The Executive Board, by resolution adopted by a majority of the Executive Board Members in office, may designate and appoint an Executive Committee, which shall consist of two or more Executive Board Members and which, unless otherwise provided in such resolution, shall have and exercise all the authority of the Executive Board except authority with respect to those matters specified in the Colorado Revised Nonprofit Corporation Act or in the Act as matters which such committee may not have and exercise the authority of the Executive Board.

7.10. Other Committees of the Association. The Executive Board, by resolution adopted by a majority of the Executive Board Members in office, may designate and appoint one or more other committees, which may consist of or include Members who are not Executive Board Members. Any such committee shall have and exercise such authority as shall be specified in the resolution creating such committee except that any such committee which consists of one or more members thereof who are entitled to vote on committee matters and who are not then also Executive Board Members may not exercise any power or authority reserved to the Executive Board in the Colorado Revised Nonprofit Corporation Act, the Articles of Incorporation or these Bylaws. Notwithstanding the foregoing, a committee of the Board shall have no authority to act as to matters prohibited by the Colorado Revised Nonprofit Corporation Act.

7.11. General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Executive Board, or any individual Executive Board Member, of any responsibility imposed upon it or him or her by law. The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorums, adjournments, vote required and action by consent applicable to meetings of Executive Board Members shall be applicable to meetings of committees of the Executive Board.

7.12. Community Manager or Managing Agent. The Executive Board, by resolution adopted by a majority of the Executive Board Members in office, shall, at or as soon as reasonably possible after the first annual meeting of the Executive Board, designate and appoint a community manager or a community managing agent, or both, which community manager or community managing agent shall have and exercise those powers and shall fulfill those duties of the Executive Board as shall be specified in any such resolution. Any such resolution may delegate all or substantially all of the power and duties of the Executive Board to any such community manager or community managing agent but the Board, in delegating powers and duties to any such community manager or community managing agent, shall not be relieved of its responsibilities under the Declaration. Any such community manager or community managing agent shall be required to comply with the applicable provisions of the Act, including, without limitation and to the extent applicable, C.R.S Section 38-33.3-306(3) of the Act.

ARTICLE 8 - MEETINGS OF EXECUTIVE BOARD MEMBERS

8.1. Place of Executive Board Members' Meetings. Meetings of the Executive Board shall be held at the principal office of the Association or at such other place, within or convenient to the Neighborhood Association Area, as may be fixed by the Executive Board and specified in the notice of the meeting.

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

8.3. Special Meetings of Executive Board Members. Special meetings of the Executive Board may be called by the President or any two members of the Executive Board.

8.4. Notice of Executive Board Members' Meetings. In the case of all meetings of Executive Board Members for which notice is required, notice stating the place, day and hour of the meeting shall be delivered not less than three nor more than 50 days before the date of the meeting, by mail, telegraph, telephone or personally by or at the direction of the persons calling the meeting, to each member of the Executive Board. If mailed, such notice shall be deemed to be delivered at 5:00 p.m. on the second business day after deposited in the mail addressed to the Executive Board Member at the Executive Board Member's home or business address as either appears on the records of the Association, with postage thereon prepaid. If by facsimile, such notice shall be deemed delivered when received by the Executive Board Member as the facsimile number for such Executive Board Member as appears on the records of the Association. If by telephone, such notice shall be deemed to be delivered when given by telephone to the Executive Board Member or to any person answering the phone who sounds competent and mature at the Executive Board Member's home or business phone number as either appears on the records of the Association. If given personally, such notice shall be deemed to be delivered upon delivery or a copy of a written notice to, or upon verbally advising, the Executive Board Member or some person who appears competent and mature at his home or business address as wither appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any

regular or special meeting of the Executive Board need be specified in the notice or waiver of such meeting.

8.5. Proxies. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, an Executive Board Member shall be deemed to be present at a meeting and to vote if the Executive Board Member has granted a signed written proxy to another Executive Board Member who is present at the meeting, authorizing the other Executive Board Member to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as otherwise permitted in this Section, an Executive Board Member shall not be entitled to vote or otherwise act by proxy at any meeting of Executive Board Members.

8.6. Quorum of Executive Board Members. A majority of the number of Executive Board Members fixed in these Bylaws shall constitute a quorum for the transaction of business.

8.7. Adjournment of Executive Board Members' Meetings. Executive Board Members present at any meeting of Executive Board Members may adjourn from time to time, whether or not a quorum shall be present, without notice other than an announcement at the meeting, for a total period or periods not to exceed 30 days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirements shall not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

8.8. Vote Required at Executive Board Members' Meeting. At any meeting of Executive Board Members, 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 the matter, unless a greater proportion is required by law (including, without limitation, the Act), the Declaration, the Articles of Incorporation or these Bylaws.

8.9. Order of Business. The order of business at all meetings of Executive Board Members shall be as follows:

- (a) roll call;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading of minutes of preceding meeting;
- (d) reports of officers;
- (e) reports of committees;
- (f) unfinished business; and
- (g) new business.

8.10. Officers at Meetings. The President shall act as chairman and the Executive Board shall elect an Executive Board Member to act as secretary at all meetings of Executive Board Members.

8.11. Waiver of Notice. A waiver of notice of any meeting of the Executive Board, signed by an Executive Board Member, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Executive Board Member. Attendance of an Executive Board Member at or participating in a meeting in person shall constitute waiver of notice of such meeting, unless, at the beginning of the meeting, or promptly upon the Executive Board Member's later arrival, the Executive Board Member objects to holding the meeting or objects to the transaction of business at the meeting because of lack of notice and does not thereafter vote or assent to action taken at the meeting.

8.12. Action of Executive Board Members Without a Meeting. If and to the extent permitted by the Act, any action required to be taken or which may be taken at a meeting of Executive Board Members may be taken without a meeting if each and every member of the Board in writing either:

- (a) votes for such action; or
- (b) votes against such action or abstains from voting, and waives the right to demand that a meeting be held.

No action taken without a meeting shall be effective unless writings describing the action taken and otherwise satisfying the foregoing requirements signed by all Executive Board Members and not validly revoked are received by the Association. An action shall be deemed taken under this Section only if the affirmative vote for such action equals or exceeds the minimum number of votes which would be necessary to take such action at a meeting at which all of the Executive Board Members then in office were present and voted.

8.13. Open Meetings. All meetings of the Executive Board, whether regular meetings or special meetings, and all meetings of the Executive Committee and any other committee appointed by the Executive Board, shall be open to attendance by all Members of the Association or their representatives, except that the Executive Board or the Executive Committee or any other such committee may hold an executive or closed session with respect to a "Restricted Matter", as hereafter defined, and at such session may restrict attendance to members of the Executive Board and such other persons requested by the Executive Board during a regular or specially announced meeting or a part thereof. Any such executive or closed session shall be held and conducted in compliance with the applicable provisions of C.R.S. Section 38-33.3-308 of the Act. "Restricted Matter" shall mean any of those matters as are enumerated in C.R.S. Section 38-33.3-308(4) of the Act or any other matter as to which it shall not be unlawful or prohibited under the provisions of applicable law to hold such an executive or closed session.

ARTICLE 9 - OFFICERS

9.1. Officers, Employees and Agents. The officers of the Association shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, assistant officers, employees and agents as may be deemed necessary by the Executive Board. An officer shall be a natural person who is eighteen years of age or older. Officers other than the President and Vice President need not be Executive Board Members. The offices of Secretary and

Treasurer may be held by the same person. No person shall simultaneously hold more than one of any other offices.

9.2. Appointment and Term of Office of Officers. The officers shall be appointed by the Executive Board at the annual meeting of the Executive Board and shall hold office, subject to the pleasure of the Executive Board until the next annual meeting of the Executive Board or until their successors are appointed, whichever is later, unless the officer resigns or is removed earlier.

9.3. Removal of Officers. Any officer, employee or agent may be removed by the Executive Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby. The removal of an officer, employee or agent shall be without prejudice to the contract rights, if any, of the officer, employee or agent so removed. Election or appointment of an officer, employee or agent shall not of itself created contract rights.

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

9.5. Vacancies in Officers. Any vacancy occurring in any position as an Officer may be filled by the Executive Board. An Officer appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office.

9.6. President. The President shall be a member of the Executive Board and shall be the principal executive officer of the Association and, subject to the control of the Executive 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 meeting of the Executive Board and of the Members of the Association.

9.7. Vice President. The Vice President may act in place of the President in case of his death, absence or inability to act, and shall perform such other duties and have such authority as may be authorized from time to time by the Executive Board or by the President.

9.8. Secretary. The Secretary shall be the custodian of the records and the seal of the Association and shall affix the seal to all documents requiring the same; 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 meetings of the Members, Executive Board Members, Executive 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 Executive Board Members and Members; shall prepare and maintain other records and information required to be kept by the Association under C.R.S. Section 7-136-101; shall authenticate records of the

Association; 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 to him by the Executive Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of his death, absence or inability to act.

9.9. Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Association; shall deposit all funds in the name of the Association in such depositories as shall be designated by the Executive 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 Executive Board may, from time to time, require; shall arrange for the annual report required under 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 him by the Executive Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of his death, absence or inability to act.

9.10. Bonds. The Association shall require fidelity bonds covering officers or other persons, including, without limitation, a community manager or community managing agent or employee thereof, handling funds of the Association in an amount and as otherwise required in the Declaration. The Association shall pay the premiums for such bonds.

9.11. Execution of Certificates of Amendment to Declaration. The President, or a Vice President, and the Secretary, or an Assistant Secretary, of the Association shall have the power to prepare, execute, certify and record any certificate of amendment to the Declaration approved by the Members of the Association pursuant to the Declaration.

ARTICLE 10 - INDEMNIFICATION OF OFFICIALS AND AGENTS

10.1. Indemnification. The Association shall indemnify, to the fullest extent permitted by applicable law in effect from time to time, any person, and the estate and personal representative of any such person, against all liability and expense (including attorneys' fees) incurred by reason of the fact that such person is or was an Executive Board Member, officer, member of the Executive Committee or other committee (including, without limitation, the Architectural Committee), employee, fiduciary or agent of the Association or, while serving as an Executive Board Member, officer, member of the Executive Committee (including, without limitation, the Architectural Committee), employee, fiduciary or agent of the Association, such person is or was serving at the request of the Association as an Executive Board Member, officer, partner, trustee, employee, fiduciary or agent of, or in any similar managerial or fiduciary position of, another nonprofit corporation or association.

10.2. Limit of Liability. No Executive Board Member of the Association shall have any personal liability for monetary damages to the Association or its Members for breach of his or her fiduciary duty as an Executive Board Member, except that this provision shall not eliminate or limit the personal liability of an Executive Board Member to the Association or its Members for monetary damages for:

- (a) any breach of the Executive Board Member's duty of loyalty to the Association or its Members;
- (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) acts specified in C.R.S. Section 7-128-403; or
- (d) any transaction from which the Executive Board Member directly or indirectly derives an improper personal benefit.

Nothing contained herein will be construed to eliminate or diminish the defenses ordinarily available to an Executive Board Member or to deprive any Executive Board Member of any right he or she may have for contribution from any other Executive Board Member or other person. If Colorado law now or hereafter eliminates or limits further the liability of an Executive Board Member, then, in addition to the elimination and limitation of liability provided by the preceding sentence, the liability of each Executive Board Member shall be eliminated or limited to the fullest extent permitted by Colorado law. Any repeal or modification of this Article shall not adversely affect any right or protection of an Executive Board Member of the Association under this Article, as in effect immediately prior to such repeal or modification, with respect to any liability that would have accrued, but for this Article, prior to such repeal or modification.

10.3. Rights Not Exclusive. The right of indemnification provided herein shall not be exclusive of other rights to which the beneficiary of such right may be entitled.

10.4. Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any officer, Executive Board Member, member of the Executive Committee or other committee (including, without limitation, the Architectural Committee), employee, fiduciary or agent of the Association against any liability asserted against him or her and incurred by him or her in such capacity or arising out of his or her status as such, including liabilities for which he or she might not be entitled to indemnification hereunder.

ARTICLE 11 - MISCELLANEOUS

11.1. Amendment of Bylaws. The Executive Board shall not have the power to alter, amend or repeal these Bylaws or to adopt new Bylaws. Subject to any approval of the FHA or VA or of First Mortgagees required under the Declaration, the Members, at a meeting called for that purpose, shall have the sole power to alter, amend or repeal the Bylaws and to adopt new Bylaws by a majority of votes present at the meeting, if a quorum is present. The Bylaws may contain any provision for the regulation and management of the affairs of the Association not inconsistent with law, the Declaration or the Articles of Incorporation. Notwithstanding the foregoing, however, these Bylaws may not be amended during the Period of Declarant Control without Declarant's prior written consent, which consent Declarant may withhold in its sole discretion.

11.2. Compensation of Officers, Executive Board Members and Members. No Executive Board Member shall have the right to receive any compensation from the Association for serving as an Executive Board Member except for reimbursement of expenses as may be

approved by resolution of disinterested members of the Executive Board. Officers, members of the Architectural Review Committee, agents and employees shall receive such reasonable compensation as may be approved by the Executive Board except that no officer, Executive Board Member or employee of Declarant or of any affiliate of Declarant may receive compensation as an officer, agent, employee or Executive Board Member. Appointment of a person as an officer, agent or employee shall not, of itself, create any right to compensation.

11.3. Books and Records. The Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members, Executive Board Members, its Executive Board, and any committee having any of the authority of the Executive Board, and shall keep, at its principal office in Colorado, a record of the names and addresses of its Executive Board Members and Members in a form that permits preparation of a list of the name and address of all Executive Board Members and Members in alphabetical order showing the number of votes each Executive Board Member or Member is entitled to vote; copies of the Declaration, the Articles of Incorporation and these Bylaws which may be purchased by any Member at a reasonable cost; resolutions adopted by the Board; minutes of all Executive Board Members' and Members' meetings and records of all action taken by Executive Board Members or Members without a meeting for the past three years; all written communication within the past three years to Executive Board Members generally as Executive Board Members or to Members generally or as Members; a list of the names and business or home address of the current Executive Board Members and officers; a copy of the most recent corporate report delivered to the Secretary of State pursuant to law; all financial statements prepared for periods ending during the last three years; and any and all other records and documents required to be kept by the Colorado Revised Nonprofit Corporation Act or otherwise by law. All books and records of the Association, including the Articles of Incorporation, Bylaws as amended and minutes of meetings of Executive Board Members, Members and Executive Board Members, may be inspected by any Member, or his agent or attorney, and any First Mortgagee of a Member for any proper purpose at any reasonable time. The right of inspection shall be subject to any reasonable rules adopted by the Executive Board requiring advance notice of inspection, specifying hours and days of the week during which inspection will be permitted and establishing reasonable fees for any copies to be made or furnished.

11.4. Annual Report. The Executive Board shall cause to be prepared and distributed to each Member and to each First Mortgagee who has filed a written request therefor, not later than 90 days after the close of each fiscal year of the Association, an annual report of the Association containing:

- (a) an income statement reflecting income and expenditures of the Association for such fiscal year;
- (b) a balance sheet as of the end of such fiscal year;
- (c) a statement of changes in financial position for such fiscal year; and
- (d) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Executive Board Members and Members, may be found.

The financial statements of the Association shall, if required by an Agency, or if otherwise required by the provisions of applicable law, be audited by an independent public accountant and a report based upon such audit shall be included in the annual report.

11.5. Statement of Account. Upon payment of a reasonable fee to be determined by the Association and upon written request of an Owner of a Unit or any person with any right, title or interest in a Unit or intending to acquire any right, title or interest in a Unit, the Association shall furnish a written statement of account setting forth the amount of any unpaid assessments, or other amounts, if any, due or accrued and then unpaid with respect to the Unit, the Owner of the Unit, and Related Users of such Owner and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Unit. Such statement shall, with respect to the party to whom it is issued, be conclusive against the Association and all parties, for all purposes, that no greater or other amounts were then due or accrued and unpaid and that no other assessments have then been levied.

11.6. Biennial Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by laws, biennial 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.

11.7. Fiscal Year. The fiscal year of the Association shall begin on January 1 and end the succeeding December 31 except that the first fiscal year shall begin on the date of incorporation. The fiscal year may be changed by the Executive Board without amending these Bylaws.

11.8. Seal. The Executive Board may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO".

11.9. Shares 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 or profit of the Association shall be distributed to its Members, Executive Board Members or officers. Notwithstanding the foregoing sentence, the Association may issue certificates evidencing Membership therein, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may take distributions as permitted by law, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profits.

11.10. Loans to Executive Board Members, Officers and Members Prohibited. No loan shall be made by the Association to its Executive Board Members, Members, Executive Board Members or officers and any Executive Board Member, officer or Member who assents to or participates in the making of such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

11.11. Limited Liability. As provided in the Declaration, the Association, the Executive Board, the Architectural Committee, Declarant, and Executive Board Member and any

Member, agent, employee of any of the same, shall not, except as may otherwise be provided herein or be required pursuant to the provisions of applicable law, 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.

11.12. Special Rights of First Mortgagees. Any First Mortgagee of a Mortgage encumbering any Unit in the Neighborhood Association Area, upon filing a written request therefor with the Association, shall be entitled to:

(a) receive written notice from the Association of any default by the Owner of such Unit in the performance of the Owner's obligations under the Declaration, the Articles of Incorporation, these Bylaws or Rules and Regulations, which default is not cured within 60 days after the Association learns of such default;

(b) examine the books and records of the Association during normal business hours;

(c) receive a copy of financial statement within 90 days following the end of the fiscal year of the Association;

(d) receive written notice of all meetings of the Executive Board Members or Members;

(e) designate a representative to attend any meeting of Executive Board Members or Members;

(f) receive written notice of abandonment or termination of the Declaration;

(g) receive 30 days' written notice prior to the effective date of any proposed, material amendment to the Declaration, Articles of Incorporation or the Bylaws;

(h) receive 30 days' written notice prior to the effective date of termination of any agreements for professional management of the Association or the Common Elements; and

(i) receive immediate written notice as soon as the Association receives notice or otherwise learns of any damage to the Common Elements if the cost of reconstruction exceeds \$10,000.00 and as soon as the Association receives notice or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition with respect to any portion of the Common Elements.

11.13. Minutes and Presumptions Thereunder. Minutes or any similar records of the meetings of Members or of the Executive Board, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

11.14. Record of Management. Under the Declaration, First Mortgagees have rights, under certain circumstances, to approve amendments to the Declaration. Therefore, any such First Mortgagee or, upon the failure of such First Mortgagee, any Member who has created or granted a First Mortgage, shall give written notice to the Association, through its Community Manager, or through the Secretary in the event there is no Community Manager, which notice shall give the name and address of the First Mortgagee and describe the Unit encumbered by the First Mortgage. The Association shall maintain such information in a book entitled "Record of

First Mortgagees on Units”. Any such First Mortgagee or such Member shall likewise give written notice to the Association at the time of release or discharge of any such First Mortgage.

11.15. Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, and shall be signed or endorsed by such person or persons, and in such manner, as, from time to time, shall be determined by resolution of the Executive Board.

11.16. Execution of Documents. The Executive Board, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instances; and unless so authorized by the Executive Board, no officer, agent or employee shall have any power or authority to bind the Association by an contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

ARTICLE 12 - NOTICE AND HEARING PROCEDURE

12.1. The Association’s Enforcement Rights. In the event of an alleged violation by a Member or a Related User of a Member (“Respondent”) of the Declaration, these Bylaws or the Rules and Regulations of the Association, the Executive Board shall have the right, upon an affirmative vote of a majority of all Executive Board Members on the Board, to take any one or more of the actions and to pursue one or more of the remedies permitted under the provisions of the Declaration, these Bylaws, or the Rules and Regulations of the Association. If under the provisions of the Declaration, these Bylaws, or such Rules and Regulations, Notice and Hearing is required prior to taking action or pursuing remedies, the following provisions of these Bylaws shall be applicable. The failure of the Board to enforce the Rules and Regulations of the Association, these Bylaws or the Declaration shall not constitute a waiver of the rights to enforce the same thereafter. The remedies set forth and provided in the Declaration, the Rules and Regulations of the Association or these Bylaws shall be cumulative and none shall be exclusive. However, any individual Member must exhaust all available internal remedies of the Association prescribed by these Bylaws and the Rules and Regulations of the Association, before that Member may resort to a Court of law for relief with respect to any alleged violation by another Member of the Declaration, these Bylaws or the Rules and Regulations of the Association, provided that the foregoing limitation pertaining to exhausting administrative remedies shall not apply to the Board or to any Member where the complaint alleges nonpayment of Common Assessments, Special Assessments, Reconstruction Assessments or Reimbursement Assessments.

12.2. Written Complaint. A hearing to determine whether the enforcement action under the Declaration, the Rules and Regulations of the Association or these Bylaws shall be initiated by the filing with the President or the Executive Board of the Association of a written Complaint by any Member of the Association, the Architectural Committee, and officer, any member of the Executive Board or any employee or agent of the Association or any other Person entitled to enforce the Declaration pursuant to the provisions thereof. The Complaint shall

contain a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged and a reference to the specific provisions of the Declaration, these Bylaws or the Rules and Regulations of the Association which the Respondent is alleged to have violated. If the charges relate to a Related User of a Member, both the Related User and the Member shall be considered as Respondents.

12.3. Notice of Complaint and Notice of Defense. A copy of the complaint shall be delivered to each Respondent in accordance with the notice provisions set forth in the Declaration provided that any written notice given by mail must be given by first-class or certified mail sent to the last address of the Member who is or constitutes one of the Respondents shown on the records of the Association, together with a statement which shall be substantially in the following form:

Unless a written request for a hearing signed by or on behalf of a person named as Respondent in the Complaint is delivered or mailed to the Executive Board within 15 days after the Complaint was served upon you, the Executive Board may proceed upon the Complaint without a hearing, and you will have thus waived your right to a hearing. The request for a hearing may be made by delivering or mailing the enclosed form entitled "Notice of Defense" to the Executive Board.

You may, but need not, be represented by counsel at any or all stages of these proceedings. If you desire the names and addresses or witnesses or an opportunity to inspect any relevant writings or items on file in connection with this matter in the possession, custody or control of the Executive Board you may contact the Executive Board.

A Respondent shall be entitled to a hearing on the merits of the matter if the Notice of Defense is timely filed with the Executive Board. A Respondent may file a separate statement by way of mitigation, even if he does not file a Notice of Defense.

12.4. Tribunal. The President shall appoint a Hearing Committee ("Tribunal") of three natural Persons upon receipt of a written Complaint. In appointing the member of the Tribunal, the President should make a good faith effort to avoid appointing next-door neighbors of the Respondent or any Members of the Association who are essential witnesses to the alleged violation giving rise to the Complaint. The decision of the President shall be final, except that each Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded at any time prior to the taking of evidence at the hearing. In the event of such a challenge, the Executive Board shall meet to determine the sufficiency of the challenge, without the President voting. If such a challenge is sustained, the President shall appoint another member to replace the challenged member of the Tribunal. All decisions of the Executive Board in this regard shall be final. The Tribunal shall elect a Chairman and appoint a hearing officer who shall take evidence and ensure that a proper record of all proceedings is maintained.

12.5. Notice of Hearing. The Tribunal shall serve a Notice of Hearing, as provided herein, on all parties at least 10 days prior to the hearing, if such hearing is requested by a

Respondent. The hearing shall be held no sooner than 30 days after the Complaint is mailed or delivered to each Respondent. The Notice of Hearing to each Respondent shall be substantially in the following form but may include other information:

You are hereby notified that a hearing will be held before a Tribunal appointed by the President of the _____ Association at

_____ on the ___ day of _____ 20__ at the hour of _____ upon the charges made in the Complaint served upon you. You may be present at the hearing, may, but need not, be represented by counsel, may present any relevant evidence, and will be given full opportunity to cross-examine all witnesses testifying against you.

12.6. Hearing.

(a) Oral evidence shall be taken only on oath or affirmation administered by a member of the Tribunal. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal.

(b) Each party shall have these rights:

- i. To call and examine witnesses; to introduce exhibits;
- ii. To cross-examine witnesses on any matter relevant to the issues; to impeach any witness; and to rebut the evidence against such party; and
- iii. If a Respondent does not testify in the Respondent's own behalf, the Respondent may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible Persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil action. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitive evidence shall be excluded.

(d) Neither the person filing the Complaint nor the Respondent must be in attendance at the hearing. The hearing shall be open to attendance by any Members of the Association to the extent of the permissible capacity of the hearing room.

(e) In rendering a decision, official notice may be taken at any time of any

provision of the Declaration, these Bylaws, the Rules and Regulations of the Association or any generally understood matter within the working of the Association, Persons present at the hearing shall be informed of the matters to be noticed by the Tribunal, and these matters shall be made a part of the record of proceedings.

(f) The Tribunal may grant continuances on a showing of good cause.

(g) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdraw prior to a final determination by the Tribunal, the remaining members shall continue to hear the case and the hearing officer shall replace the withdrawing member.

12.7. Decision. If a Respondent fails to file a Notice of Defense as provided in these Bylaws, or fails to appear at a hearing, the Tribunal may take action based upon the evidence presented to it without further notice to the Respondent. However, the Respondent may make any showing by way of mitigation. The Tribunal will prepare written findings of fact and recommendations for consideration by the Executive Board. The Tribunal shall make its determination only in accordance with these Bylaws. After all testimony and documentary evidence has been presented by the Tribunal, the Tribunal may vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal may be posted by the Executive Board at a conspicuous place in the Neighborhood Association Area and a copy shall be served by the President of each Person directly involved in the matter and to his attorney, if any. Disciplinary action, levy of a Reimbursement Assessment or other action or remedies which require Notice and Hearing under the Declaration, these Bylaws or the Rules and Regulations of the Association and in accordance with the findings and recommendations of the Tribunal. The Executive Board may adopt the recommendations of the Tribunal in their entirety or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent enforcement action than recommended by the Tribunal. The decision of the Board shall be in writing and shall be served and may be posted in the same manner as the findings and recommendations of the Tribunal. The decision of the Board shall become effective 10 days after it is served upon each Respondent, unless otherwise ordered in writing by the Executive Board. The Board may order a reconsideration at any time within 15 days following service of its decision on the involved persons, on its own motion or on petition by any party. However, no action against a Respondent arising from the alleged violation shall take effect prior to the expiration of the later of:

- (a) 15 days after each Respondent's receipt of the Notice of Hearing; or
- (b) five days after the hearing required therein.

12.8. Mediation- Alternative Dispute Resolution. Any controversy between the Association and a Residential Unit Owner may be submitted to mediation by either party to the controversy prior to the commencement of any legal proceeding. The mediation agreement, if one is reached, may be presented to the court as a stipulation. Either party to the mediation may terminate the mediation process without prejudice. If either party subsequently violates the

stipulation, the other party may apply immediately to the court for relief.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify that:

1. I am the duly elected and acting Secretary of Owl Ridge Owners Association, a Colorado nonprofit corporation (the “Association”); and

2. The foregoing Bylaws constitute the Bylaws of the Association duly adopted at the meeting of the Executive Board of the Association duly held on _____.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of _____ this _____ day of 20_____.

_____, Secretary