

**THE
BYLAWS
OF
THE RESERVE AT UTE CREEK
HOMEOWNERS ASSOCIATION**

Table of Contents

ARTICLE ONE: OBJECT	5
1.1 Association.....	5
1.2 Purposes.....	5
1.3 Terms Defined in Declaration.....	5
ARTICLE TWO: OFFICES	5
2.1 Principal Office.....	5
2.2 Registered Office and Agent.....	5
ARTICLE THREE: MEMBERSHIP	5
ARTICLE FOUR: MEETINGS OF THE ASSOCIATION	5
4.1 Place of Meetings.....	5
4.2 Annual Meeting.....	5
4.3 Special Meetings.....	6
4.4 Notice of Meetings.....	6
4.5 Methods of Notice.....	6
4.6 Adjournment of Meeting.....	7
4.7 Meetings by Telecommunication.....	7
4.8 Action by Members Without Meeting.....	7
4.9 Fixing of Record Date.....	7
4.10 Budget Meetings.....	7
ARTICLE FIVE: VOTING	8
5.1 Voting Entitlement.....	8
5.2 Voting Lists.....	8
5.3 Limitations on Use of Voting Lists.....	9
5.4 Quorum and Manner of Voting.....	9
5.5 Proxies.....	9
5.6 Action by Written Ballot.....	9
5.7 Secret Ballot Voting.....	10
ARTICLE SIX: THE BOARD OF DIRECTORS	10
6.1 Number.....	10
6.2 Board of Directors During the Period of Declarant Control.....	10
6.3 Election by Owners.....	10
6.4 Election and Terms of the Board of Directors.....	10
6.5 Qualifications.....	11
6.6 Resignation of Directors.....	11
6.7 Removal.....	11
6.8 Vacancy on the Board.....	11
6.9 Committees.....	11
6.10 Powers and Duties.....	11

6.11 Managing Agent	11
6.12 Investment of Reserve Funds.....	12
ARTICLE SEVEN: MEETINGS OF THE BOARD OF DIRECTORS	12
7.1 Annual Meetings.....	12
7.2 Regular Meetings.....	12
7.3 Special Meetings.....	12
7.4 Purpose of Meetings: Agenda.....	12
7.5 Quorum; Voting.....	12
7.6 Action Without a Meeting.....	12
7.7 Compensation.....	13
7.8 Notice.....	13
7.9 Waiver of Notice.....	13
7.10 Telephonic Meetings.....	13
7.11 Standard of Conduct for Directors and Officers.....	13
7.12 Conflict of Interest.....	14
7.13 Owner Attendance.....	14
7.14 Attorney-Client Privileged Information.....	14
ARTICLE EIGHT: OFFICERS AND THEIR DUTIES	14
8.1 Enumeration of Officers.....	14
8.2 Election of Officers.....	14
8.3 Term.....	14
8.4 Special Appointments.....	14
8.5 Resignation and Removal.....	15
8.6 Vacancies.....	15
8.7 Multiple Offices.....	15
8.8 Duties.....	15
ARTICLE NINE: ASSOCIATION DOCUMENTS	15
9.1 Execution of Instruments.....	15
9.2 Statements of Unpaid Assessments/Transfer Fees.....	15
9.3 Inspection and Copying of Association Records.....	15
9.4 Record of Meeting Minutes.....	16
9.5 Record of Lot Owners.....	16
9.6 Other Required Records.....	16
9.7 Form of Records.....	16
9.8 Limited Scope.....	16
ARTICLE TEN: NOTICE AND HEARING PROCEDURE	17
ARTICLE ELEVEN: AMENDMENTS	17
ARTICLE TWELVE: INDEMNIFICATION.....	18
12.1 General Provisions.....	18

12.2 Successful Defense on the Merits: Expenses	18
12.3 Determination of Right to Indemnification.	18
12.4 Advance Payment of Expenses: Undertaking to Repay.....	18
12.5 Other Employees and Agents.....	19
12.6 Nonexclusivity of Article 12.	19
12.7 Liability of Directors.	19
ARTICLE THIRTEEN: MISCELLANEOUS.....	19
13.1 Financial Statements.	19
13.2 Robert's Rules of Order.	19
13.3 Minutes.....	19
13.4 Corporate Seal.....	19
13.5 Fiscal Year.	19
13.6 Waiver.	19
13.7 Interpretation.....	20
ARTICLE FOURTEEN: SUPPLEMENTAL PROVISIONS.....	20
14.1 Public Disclosures.....	20
14.2 Responsible Governance Policies.....	21
14.3 Board Member Education.....	21
14.4 Owner Education.....	21
14.5 Audit.	21
14.6 Adoption of Procedure for Addressing Disputes.....	22

ARTICLE ONE: OBJECT

1.1 Association.

THE RESERVE AT UTE CREEK HOMEOWNERS ASSOCIATION ("Association") is a nonprofit corporation, organized under the Colorado Revised Nonprofit Corporation Act to operate in accordance with the Colorado Common Interest Ownership Act. These Bylaws are adopted for the administration, regulation and management of the affairs of the Association.

1.2 Purposes.

The purposes for which the Association is formed are: (a) to promote the health, safety, welfare, and be for the common benefit of the residents of the Planned Community and members of the Association; (b) be and constitute the Association to which reference is made in THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RESERVE AT UTE CREEK ("Declaration") recorded against the Planned Community in the Boulder County, Colorado records; (c) to govern, in accordance with the Colorado Common Interest Ownership Act, the Colorado Revised Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation, Bylaws, and Rules and Regulations of the Association, the residential community known as RESERVE AT UTE CREEK ("Planned Community"), located in Longmont, Colorado; and (d) to provide for the administration, maintenance, repair and reconstruction of the Common Elements of the said Planned Community.

1.3 Terms Defined in Declaration.

Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition in these Bylaws as such terms have in the Declaration.

ARTICLE TWO: OFFICES

2.1 Principal Office.

The principal office and place of business of the Association shall be designated from time to time by the Board of Directors.

2.2 Registered Office and Agent.

The registered office of the Association shall be the same as the principal office. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE THREE: MEMBERSHIP

The Association shall have members. There shall be one class of membership who shall be every record owner of a Lot subject to the Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Ownership of such Lot shall be the sole qualification for such membership. Where more than one person holds interest in any Lot, all such persons shall be Members.

Membership in the Association at all times shall consist exclusively of all Lot Owners or, following termination of the Planned Community, of all former Lot Owners entitled to distribution of the proceeds under §38-33.3-218 of the Act, or their heirs, personal representatives, successors or assigns.

ARTICLE FOUR: MEETINGS OF THE ASSOCIATION

4.1 Place of Meetings.

Meetings of the Association shall be held at such place within the County as the Board of Directors may determine.

4.2 Annual Meeting.

The Annual Meeting of the Association shall be held at a time, date and place established by the Board of Directors each year for the purpose of electing members of the Board of Directors of the Association to replace members whose terms are expiring and for transaction of such other business as may come before the meeting.

A member may apply to the County's District Court to seek an order that an Annual Meeting be held: (i) if an

Annual Meeting was not held within six months after the close of the Association's most recently ended fiscal year or fifteen months after its last Annual Meeting, whichever is earlier, or (ii) if the member participated in a proper demand for an Annual Meeting and notice of the Annual Meeting was not given within thirty days after the date of the demands necessary to require calling of the meeting was received by the Association, (iii) the Annual Meeting was not held in accordance with the notice.

4.3 Special Meetings.

Special Meetings of the Association may be called at any time by the Board of Directors, or by written demand of the members stating the purpose or purposes for calling the meeting signed by members to which at least twenty percent of the votes in the Association are allocated.

Special Meetings shall be held at such reasonable time and place within the County as may be designated by the authority calling such meeting. The purpose of any Special Meeting of the members shall be stated in such notice. Only business within the purpose or purposes described in the notice may be conducted at a Special Meeting.

4.4 Notice of Meetings.

Notice shall be given to each member entitled to vote at a meeting in a fair and reasonable manner as set forth below.

Not less than ten (10) nor more than fifty (50) days in advance of any meeting of the members, the Secretary or other officer of the Association shall cause notice to be hand delivered or sent prepaid by U.S. mail to the mailing address registered with the Association by the Owner or, if none, to the mailing address of each Lot or other address of record of the Owner.

Notice of any meeting shall also be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable.

The Association is encouraged to provide all notices of meetings and agendas required by these Bylaws in electronic form, in addition to print form. If electronic means are available, the Association shall provide notice of all regular and special meetings of Owners by electronic mail to all Owners who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible, but at least twenty-four (24) hours before the meeting. The Association may also post notice of any regular or special meetings of Owners on its website if it has a website.

All notices of meetings shall state the time and place of the meeting and the items on the agenda, including (a) the general nature of any proposed amendment to the Declaration or Bylaws, (b) any budget changes, and (c) any proposal to remove an officer or member of the Board.

Notice of a special meeting shall include a description of the purpose or purposes of the meeting. Notice of an annual meeting need not include a description of the purpose or purposes except the purpose or purposes shall be stated with respect to (a) an amendment to the Articles or Bylaws of the Association; (b) merger of the Association with another association or entity; (c) a sale, lease or exchange of all or substantially all of the property of the Association; (d) dissolution of the Association; (e) restatement of the Articles or Bylaws of the Association; (f) any proposal to remove an Officer or Director from office and; (g) any other purpose for which a statement of purpose is required by law or the Project Documents.

When giving notice of an annual or special meeting of the Association, the Association shall give notice of a matter a member intends to raise at the meeting if a person entitled to call a special meeting submits a request, in writing, and it is received by the Secretary or President at least ten (10) days before the Association gives notice of the meeting.

4.5 Methods of Notice.

Notice shall be given personally or by mail, personal service, telegraph, teletype or other form of wire or wireless communication by or at the direction of the President, the Secretary, or the officer or persons calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be given and effective at the earliest of: (i) the date received; (ii) five days after deposit in the United States mail properly addressed to the

member at the member's address as it appears in the Association's current record of members, with first class postage prepaid; or (iii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee or on the date of its rejection.

If notice is given by facsimile, electronic mail or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and effective when the telegram is delivered to the telegraph company.

No notice need be sent to any member if three successive notices mailed to the last known address of such member have been returned as undeliverable until such time as another address for such member is made known to the Association by the member. In order to be entitled to receive notice of any meeting, a member shall advise the Association in writing of any change in the member's mailing address as shown on the Association's books and records.

4.6 Adjournment of Meeting.

When a meeting is adjourned to another date, time or place, notice need not be given of the new date, time or place if the new date, time or place of such meeting is announced before adjournment of the meeting at which the adjournment is taken. At the adjourned meeting the Association may transact any business which may have been transacted at the original meeting.

4.7 Meetings by Telecommunication.

Any or all of the members may participate in an Annual or Special Meeting, or the meeting may be conducted through the use of any means of communication by which all members participating in the meeting can hear each other during the meeting. A member participating in a meeting in this manner is deemed to be present in person at the meeting.

4.8 Action by Members Without Meeting.

Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the members entitled to vote with respect to the subject matter thereof and received by the Association. Such consent shall have the same force and effect as a unanimous vote of the members and may be stated as such in any document.

Action taken under this Paragraph is effective as of the date the last writing necessary to effect the action is received by the Association, unless all of the writings specify a different effective date, in which case such specified date shall be the effective date for such action. The record date for determining members entitled to take action without a meeting is the date the Association first receives a writing upon which the action is taken.

Any member who has signed a writing describing and consenting to action taken pursuant to this Paragraph may revoke such consent by a writing signed by the member describing the action and stating the member's prior consent is revoked, if such writing is received by the Association before the effectiveness of the action. All signed written instruments necessary under this Paragraph shall be filed with the minutes of the membership meetings.

4.9 Fixing of Record Date.

The Board of Directors shall fix a record date for determining which of the members are entitled to notice of any meeting of the members and to vote or otherwise take action at any such meeting. If the Board of Directors fails to do so, then the record date for purposes of determining the members entitled to notice of and to vote or otherwise take action at such meeting shall be the close of business on the 30th calendar day preceding the date notice is to be given.

4.10 Budget Meetings.

(a) Notwithstanding the above, in accordance with §38-33.3-303 of the Colorado Common Interest Ownership Act, the Board of Directors shall cause to be prepared, at least fifty days prior to the commencement of each calendar year, a Budget for such calendar year. Within thirty days after the adoption of any Budget by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than ten days nor more than fifty days after delivery of the summary.

Unless at that meeting Owners to which at least sixty-seven percent of the votes in the Association are allocated reject the Budget, the Budget shall be deemed ratified whether or not a quorum is present. In the event the Budget is rejected, the Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget adopted by the Board of Directors.

(b) If the Board of Directors deems it necessary or advisable to amend a Budget that has been ratified by the Owners pursuant to Paragraph 4.10(a) above, the Board may adopt a proposed amendment to the Budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than ten days, nor more than fifty days, after the delivery of the summary of the proposed amendment.

Unless at that meeting Owners to which at least sixty-seven percent of the votes in the Association are allocated reject the amended Budget, the amended Budget shall be deemed ratified whether or not a quorum is present.

ARTICLE FIVE: VOTING

5.1 Voting Entitlement.

Members shall be entitled to one vote for each Lot owned.

The vote for such Lot, the ownership of which is held by more than one Owner, may be exercised by any one of them, unless an objection or protest by any other holder of an interest of the Lot is made prior to the completion of the vote, in which case the vote for such Lot shall be exercised as the persons holding such interest shall determine between themselves. Should the joint Owners of a Lot be 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. In no event shall more than one vote be cast with respect to any such Lot.

In the absence of express notice to the Board of Directors of the designation of a specific person to cast a vote, the vote of an Association may be cast by any officer of that Association, the vote of a partnership may be cast by any general partner of that partnership, the vote of a limited liability company may be cast by any manager of that limited liability company, and the vote of a trust may be cast by any trustee of that trust.

5.2 Voting Lists.

After a record date is fixed for a membership meeting or for determining the members entitled to vote by written ballot, the Secretary may, at the sole discretion of the Board of Directors, make, at the earlier of ten days before such meeting or two business days after notice of the meeting has been given, a complete list of the members entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged in alphabetical order and shall show the name, address of each member and number of votes to which each member is entitled.

For the period beginning the earlier of ten days prior to the meeting or two business days after notice of the meeting is given and continuing through the meeting and any adjournment thereof, this list shall be kept on file at the office of the Association. Such list shall be available for inspection on written demand by any member or the member's agent or attorney during regular business hours and during the period available for inspection.

If the list is prepared in connection with a written ballot, the list shall be available for inspection beginning on the date the first written ballot is delivered and continuing through the time when such written ballots must be received by the Association in order to be counted.

Any member or the member's agent may copy the list during regular business hours, at its own expense, and during the period it is available for inspection, provided: (i) the member has been a member for at least three months immediately preceding the demand; (ii) the demand is made in good faith and for a purpose reasonably related to the demanding member's interest; (iii) the member describes with reasonable particularity the purpose and the records the member desires to inspect; (iv) the records are directly connected with the described purpose, and (v) the member pays a reasonable charge covering the costs of labor and material for such copies, not to exceed the Association's actual cost per page for copies of the list.

5.3 Limitations on Use of Voting Lists.

Unless the Board of Directors gives its prior consent, the Association's Voting Lists or any part thereof may not be: (i) obtained or used by any person for any purpose unrelated to a member's interest as a member; (ii) used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election by the Association; (iii) used for any commercial purpose; or (iv) sold to or purchased by any person.

5.4 Quorum and Manner of Voting.

The presence at a meeting of members of the Association and members' proxies to which at least twenty-five percent of the votes in the Association are allocated shall constitute a quorum for any action except as otherwise provided in the Declaration.

Except for Budget Meetings where a quorum is not required, action on any matter, other than the election of Directors, is approved if there has been cast a greater number of affirmative votes in favor than negative votes in opposition by members who are entitled to vote thereon at a meeting at which a quorum is present.

If such quorum shall not be present or represented by proxy at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

5.5 Proxies.

At all meetings of members, a member may vote by proxy by signing an appointment form appointing another member of the Association. A member may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype or facsimile transmission providing a written statement of the appointment to the proxy. The proxy shall be filed with the Secretary of the Association before or at the time of the meeting. The appointment of a proxy is effective when received by the Association and is valid for eleven months unless a different period is expressly provided in the proxy.

An appointment of a proxy is revocable by a member and may be revoked by attending any meeting and voting in person or signing and delivering to the Secretary either a writing stating that the proxy is revoked or a subsequent appointment form.

The death or incapacity of the member appointing a proxy does not affect the right of the Association to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other person authorized to tabulate votes before the proxy exercises its authority under the appointment.

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

Neither the Association nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Paragraph is liable in damages for the consequences of the acceptance or rejection.

5.6 Action by Written Ballot.

Any action that may be taken at any Annual 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.

The written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against the proposed action. Approval by written ballot shall only be valid 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: (i) indicate the number of responses necessary to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of directors; (iii) specify the time by which the ballot must be received by the Association in order to be counted.

5.7 Secret Ballot Voting.

To the extent required by the Act, votes to elect Directors shall be taken by secret ballot and, at the discretion of the Board or upon the request of twenty percent (20%) or more of the Owners, a vote on any other matter affecting the Planned Community on which all Owners are entitled to vote shall be by secret ballot. The conduct of any voting by secret ballot shall comply with the requirements of the Act.

ARTICLE SIX: THE BOARD OF DIRECTORS

6.1 Number.

The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) and not more than five (5) Directors, the specific number to be determined from time to time by the Board of Directors.

6.2 Board of Directors During the Period of Declarant Control.

Subject to the provisions of Paragraph 6.3 below, there is a "Period of Declarant Control" during which Period the Declarant may appoint and remove any officer of the Association or any member of the Board of Directors.

The Period of Declarant Control is the length of time expiring five years after the filing of the Articles of Incorporation of the Association; provided, however, the Period of Declarant Control in any event terminates no later than either (a) sixty days after conveyance of seventy-five percent of the Lots That May Be Created to owners other than the Declarant, (b) two years after the last conveyance of a Lot by the Declarant in the ordinary course of business, or (c) two years after any right to add new Lots was last exercised.

The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

6.3 Election by Owners.

During the Period of Declarant Control, the Declarant may appoint and remove the officers and members of the Board of Directors subject to the following:

(a) Not later than sixty days after conveyance of twenty-five percent of Lots That May Be Created to Owners other than the Declarant, at least one member and not less than twenty- five percent of the members of the Board of Directors shall be elected by members other than the Declarant.

(b) Not later than sixty days after conveyance of fifty percent of Lots That May Be Created to Owners other than the Declarant, not less than thirty-three and one third percent of the members of the Board of Directors must be elected by members other than the Declarant.

Not later than the termination of the Period of Declarant Control, as set forth in Paragraph 6.2 above, the Board shall call a Special Meeting of the Association, at which meeting the members shall elect three persons (a majority of whom must be members other than the Declarant), to serve on the Board of Directors until the next Annual Meeting of the Association. Upon such election, the Directors then serving in office shall submit their resignations.

The names and addresses of the persons who are appointed by the Declarant to initially act in the capacity of the Board of Directors until their successors are duly elected and duly qualified are stated in the Articles of Incorporation.

6.4 Election and Terms of the Board of Directors.

The Board of Directors shall be elected at each annual meeting of the Association. The terms of the Directors generally shall be for one (1) year, running from each annual meeting to the next annual meeting. Directors shall continue in office however until their successors have been duly elected and qualified, unless a Director resigns, is removed or becomes disqualified to be a Director. A Director may be reelected and there shall be no limit as to the number of terms a Director may serve. The number of Directors and their terms may be changed by amendment to these Bylaws.

6.5 Qualifications.

An elected Director must be an owner of a Lot within the Planned Community or be an officer of a corporate owner of a Lot, or a partner in a partnership owning a Lot, or a trustee of a trust owning a Lot, or a manager of a limited liability company owning a Lot within the Planned Community. If a Director ceases to be an owner of a Lot, or a corporate officer, partner, trustee or manager of an entity which owns a Lot, such Director's term as Director shall immediately terminate, and a new Director shall be selected as promptly as possible to take such Director's place.

A Director may be reelected, and there shall be no limit as to the number of terms a Director may serve.

Directors appointed by the Declarant need not be Owners.

6.6 Resignation of Directors.

Any Director may resign at any time by giving written notice to the Secretary of the Association, stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

6.7 Removal.

Any member of the Board of Directors other than a Director appointed by the Declarant may be removed by the members with or without cause at a meeting duly called for and stating that purpose at which a quorum is present.

6.8 Vacancy on the Board.

Any vacancy in the Board of Directors shall be filled. A Director appointed to fill a vacancy shall be appointed for the unexpired term of such person's predecessor in office and until such person's successor is duly elected and shall have qualified. Any position on the Board of Directors to be filled by reason of an increase in the number of Directors shall be filled by a vote of the members as soon as practicable after the time such increase is authorized.

Vacancies of Directors whom the Declarant appointed shall be appointed by the Declarant.

6.9 Committees.

The Board may establish one or more committees. Such committees may provide such advice, service and assistance as requested, but may not exercise any power or authority reserved to the Board of Directors.

6.10 Powers and Duties.

The Board of Directors shall have the powers and duties necessary, desirable or appropriate for the administration of the affairs of the Association and for the operation and maintenance of the Planned Community. The Board of Directors may do all such acts and things in the best interest of the Association including acts not specifically required to be done by the Members of the Association or by the Board of Directors by the Colorado Nonprofit Corporation Act, the Colorado Common Interest Ownership Act, the Declaration, the Articles, these Bylaws or be otherwise required by law.

6.11 Managing Agent.

The Board may employ for the Association a managing agent at a compensation established by the Board, to perform such duties and services as the Board shall authorize; provided, however, that the Board in delegating such duties shall not be relieved of its responsibility under the Declaration.

In the event the Board delegates the powers relating to collection, deposit, transfer or disbursement of Association funds to a managing agent or other person (hereinafter "property manager"), the following requirements shall apply:

(a) the property manager shall maintain fidelity insurance coverage or a bond in an amount not less than \$50,000 or such higher amounts as the Board may require;

(b) the property manager shall maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other person or managing agent and maintain all reserve accounts of each association separate from operational accounts of the Association; and

(c) an annual accounting of Association funds and a financial statement shall be prepared and presented to the Association by the property manager, a public accountant or a certified public accountant.

6.12 Investment of Reserve Funds.

With regard to the investment of reserve funds of the Association, the Board shall be subject to the standards set forth in the Colorado Revised Nonprofit Corporation Act, C.R.C. §7-128-401. In particular, each Director shall use his or her discretionary authority, and shall act (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the Director reasonably believes to be in the best interests of the Association.

ARTICLE SEVEN: MEETINGS OF THE BOARD OF DIRECTORS

7.1 Annual Meetings.

The Annual Meeting of the Board of Directors shall be held immediately following and in the same place as the Annual Meeting of the Association in each calendar year, or on such other date and at such time and at such place as the President may determine. The Annual Meeting of the Board of Directors shall be for the purpose of electing officers and for the transaction of such other business as may come before the meeting.

7.2 Regular Meetings.

Regular meetings of the Board of Directors shall be held as the needs of the Association dictate, but at least quarterly, at such place and hour as may be fixed from time to time by the Board.

7.3 Special Meetings.

Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors.

7.4 Purpose of Meetings: Agenda.

The business to be transacted at or the purpose of any meeting of the Board of Directors does not need to be specified in the notice or waiver of notice of the meeting. Notwithstanding the foregoing, agendas for meetings of the Board shall be made reasonably available for examination by all members of the Association or their representatives, which may be by physically posting the agenda, within a reasonable time before the meeting, in a conspicuous place.

7.5 Quorum; Voting.

A quorum at all meetings of the Board of Directors shall consist of a majority of the directors holding office. Less than a quorum may adjourn from time to time without further notice until a quorum is secured. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

For purposes of determining a quorum and for purposes of casting a vote, a Director may be deemed to be present and to vote if the Director grants a signed, written proxy to another Director. The proxy must direct a vote to be cast with respect to a particular proposal that is described with reasonable specificity in the proxy. No other proxies are allowed.

7.6 Action Without a Meeting.

Any action required by law to be taken at a meeting of the Board of Directors, or any other action which may be taken at a meeting of Directors, may be taken without a meeting if every member of the Board in writing either: (i) votes for such action or (ii) votes against such action or abstains from voting and waives the right to demand that a meeting be held. Action is taken only if the affirmative votes for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all of the Directors then in office were present and voted.

The action shall only be effective if there are writings which describe the action, signed by all Directors, received by the Association and filed with the minutes. Any such writings may be received by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy of the

document including a copy of the signature. Actions taken shall be effective when the last writing necessary to effect the action is received by the Association unless the writings set forth a different date.

Any Director who has signed a writing may revoke it by a writing signed, dated and stating the prior vote is revoked. However, such writing must be received by the Association before the last writing necessary to effect the action is received. All such actions shall have the same effect as action taken at a meeting.

7.7 Compensation.

The Board of Directors may authorize and fix the compensation of Directors and may reimburse any member of the Board of Directors for reasonable expenses incurred in connection with service on the Board.

7.8 Notice.

Notice of the date, time and place of any Special Meeting of the Board shall be given to each Director at least five days prior to the meeting by written notice either personally delivered or mailed to each Director at the Director's business address, or by notice transmitted by private courier, telegraph, facsimile transmission or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of: (i) five days after such notice is deposited in the United States mail, properly addressed, with first class postage prepaid; or (ii) the date shown on the return receipt, if mailed by registered or certified mail return receipt requested, provided that the return receipt is signed by the Director to whom the notice is addressed, or date of rejection.

If notice is given by facsimile or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given and effective when the telegram is delivered to the telegraph company.

7.9 Waiver of Notice.

A Director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by the Director. Such waiver shall be delivered to the Secretary for filing with the Association records, but such delivery and filing shall not be conditions to the effectiveness of the waiver.

A Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting unless at the beginning of the meeting, or promptly upon the Director's later arrival, the Director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

7.10 Telephonic Meetings.

The Board of Directors may permit any Director to participate in an Annual or Special Meeting of the Board of Directors through the use of any means of communication by which all Directors participating in the meeting can hear each other during the meeting. A Director participating in a meeting in this manner is deemed to be present in person at the meeting.

7.11 Standard of Conduct for Directors and Officers.

Each Director and Officer shall perform their duties as a Director or Officer in good faith, in a manner the Director or Officer reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

In the performance of their duties, a Director or Officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by the persons designated below.

A Director or officer shall not be considered to be acting in good faith if the Director or Officer has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A Director or Officer shall not be liable to the Association or its members for any action the Director or Officer takes or omits to take as a Director or Officer if, in connection with such action or omission, the Director or Officer performs their duties in compliance with this Paragraph. A Director or Officer, regardless of title, shall not be deemed to be a trustee with respect to the

Association or with respect to any property held or administered by the Association.

The designated persons on whom a Director or Officer are entitled to rely are: (i) one or more Officers or employees of the Association whom the Director or Officer reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, professional property manager, public accountant, or other persons as to matters which the Director or Officer reasonably believes to be within such person's professional or expert competence; or (iii) a committee of the Board of Directors on which the Director or officer does not serve if the director reasonably believes the committee merits confidence.

7.12 Conflict of Interest.

As per C.R.S. §38-33.3-3.10.5 of the Act, the provisions of C.R.S. §7-128-501 of the Colorado Revised Nonprofit Corporate Code shall govern conflicts of interest of Directors or Officers.

This Section 7.12 shall not be construed however to invalidate any provision of the Declaration, these Bylaws, or other documents adopted by the Board or the Members of the Association that more strictly define conflict of interest or contains further limits on the participation of Board members who may have conflicts of interest.

7.13 Owner Attendance.

All meetings of the Association and Board of Directors are open to every Member of the Association, or to any person designated by a Member in writing as the Member's representative, and all Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Members who are not on the Board of Directors may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board.

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.

7.14 Attorney-Client Privileged Information.

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.

ARTICLE EIGHT: OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers.

The officers of the Association shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may from time to time by resolution create. The President and Secretary must be Owners and members of the Board of Directors except for officers appointed by the Declarant.

8.2 Election of Officers.

The election of officers shall take place at the first meeting of the Board of Directors and thereafter at the first meeting of the Board of Directors following each Annual Meeting of the Association.

8.3 Term.

The officers shall be elected annually by the Board of Directors and each shall hold office for one year unless such officer shall sooner die, resign or shall be removed or otherwise disqualified to serve.

8.4 Special Appointments.

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

8.5 Resignation and Removal.

Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the president. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

8.6 Vacancies.

A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

8.7 Multiple Offices.

Any two or more offices may be held by the same person, except the offices of President and Secretary.

8.8 Duties.

The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign on behalf of the Association all leases, mortgages, deeds, notes and other written instruments; and shall exercise and discharge such other duties as may be required of the President by the Board of Directors.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of the Vice President by the Board of Directors.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Association; serve notice of meetings of the Board of Directors and of the Association; keep appropriate current records showing the members together with their addresses; and shall perform such other duties as required by the Board of Directors.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board of Directors; sign all checks of the Association unless the Board of Directors specifically directs otherwise; keep proper books of account; prepare an annual budget and a statement of income and expenditures to be presented to the members at the regular Annual Meeting of the Association.

ARTICLE NINE: ASSOCIATION DOCUMENTS

9.1 Execution of Instruments.

All agreements, contracts, deeds, leases, checks, notes and other instruments of the Association may be executed by any officer as designated by resolution of the Board of Directors. In the absence of such designation, the President shall have such authority. Any Officer may prepare, execute, certify and record Amendments to the Declaration on behalf of the Association.

9.2 Statements of Unpaid Assessments/Transfer Fees.

Any officer having access to the books and records of the Association or managing agent may prepare, certify and execute statements of unpaid assessments, in accordance with §38-33.3-316 of the Colorado Common Interest Ownership Act.

The Association may charge a reasonable fee for preparing these Statements of Unpaid Assessments and for transferring a membership on the books and records of the Association. Any unpaid fees may be assessed as a Common Expense Assessment against the Lot for which the certificate or statement is furnished.

9.3 Inspection and Copying of Association Records.

Upon written demand delivered at least five business days before the date on which a member wishes to inspect and

copy any of the records identified in these Bylaws, a member or its agent is entitled to inspect and copy such records during regular business hours at the Association's office. The Association may impose a reasonable charge, covering the costs of labor and material, for copies of the documents provided.

The charge may not exceed the Association's actual cost per page for copies of the records. Members entitled to inspect these records must also meet the following requirements: (i) the demand must be made in good faith and for a proper purpose; (ii) the member must describe with reasonable particularity the purpose and the records the member desires to inspect; and (iii) the records must be directly connected with the described purpose. The rights set forth herein may not be abolished or limited by the Articles of Incorporation or the Bylaws of the Association.

9.4 Record of Meeting Minutes.

The Association shall keep a permanent record of (a) minutes of all meetings of Members of the Association and the Board, (b) all actions taken by the Members of the Association or the Board by written ballot or written consent in lieu of a meeting, (c) all actions taken by a committee of the Board in place of the Board on behalf of the Association, and (d) all waivers of notices of meetings of Members of the Association, the Board, or any committee of the Board.

9.5 Record of Lot Owners.

The Association or its agent shall maintain a record of Lot Owners in a form that permits preparation of a list of the names and addresses of all Lot Owners, showing the number of votes each Lot Owner is entitled to vote.

9.6 Other Required Records.

In addition to all other records required to be kept by the Association under these Bylaws, the Association shall keep a copy of each of the following records at its principal office:

- (a) Its Articles of Incorporation;
- (b) The Declaration;
- (c) Bylaws of the Association;
- (d) Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;
- (e) The minutes of all Owners' meetings, and records of all action taken by Owners without a meeting, for the past three years;
- (f) All written communications within the past three years to Owners generally as Owners;
- (g) A list of the names and business or home addresses of its current directors and officers;
- (h) Its most recent annual report, if any; and
- (i) All financial audits or reviews conducted during the immediately preceding three years.

9.7 Form of Records.

The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

9.8 Limited Scope.

This section shall not be construed to affect (a) the right of an Owner to inspect records (i) under corporation statutes governing the inspection of lists of shareholders or members prior to an annual meeting or (ii) if the Owner is in litigation with the association, to the same extent as any other litigant; or (b) the power of a court, to compel the production of Association records for examination on proof by an Owner of proper purpose.

This ARTICLE NINE shall not be construed to invalidate any provision of the Declaration, these Bylaws, the corporate law under which the Association is organized, or other documents that more broadly define records of the Association that are subject to inspection and copying by Owners, or that grant Owners freer access to such records.

ARTICLE TEN: NOTICE AND HEARING PROCEDURE

The Board shall not impose a Fine, Individual Assessment, suspend voting rights, or infringe upon any other rights of a member or other occupant for violations of Rules and Regulations of the Association or of the Declaration unless and until the following procedure is followed:

(a) Demand for Abatement. Written demand to cease and desist from the alleged violation shall be personally served upon the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation;

(iii) a time period, not less than ten days, during which the violation may be abated without further sanction, if such violation is a continuing one. If such violation is not a continuing one, a statement that any additional similar violation could result in the imposition of a sanction after Notice and Hearing.

(b) Notice. If the violation continues past the time period allowed in the Demand for Abatement or if the same violation subsequently occurs, the Board or its agent shall serve the violator with written notice of a Hearing to be held by the Board. The notice shall contain:

(i) the alleged violation;

(ii) the time and place of the Hearing, which time shall not be less than ten days from the giving of the Notice;

(iii) an invitation to attend the Hearing and produce any statement, evidence, and witness on his or her behalf; and

(iv) the proposed sanction to be imposed.

(c) Hearing. The Hearing shall be held pursuant to this Notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of Notice and the Invitation to be Heard shall be placed in the Minutes of the Hearing. Such proof shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such Notice. The Notice requirement shall be deemed satisfied if the alleged violator appears at the Hearing.

The Minutes of the Hearing shall contain a written statement of the results of the Hearing and the sanction, if any, imposed, provided, however, in no event shall the Board suspend a member's right to use the Planned Community's recreational facilities or suspend a member's voting rights for infraction of the Declaration, Bylaws or the Association's Rules and Regulations for a period in excess of sixty days. The decision of the Board shall be final.

These procedures shall not be necessary in order to impose any late fee, default interest or any other sanction or penalty for nonpayment of Assessments.

ARTICLE ELEVEN: AMENDMENTS

These Bylaws may be amended by the Board of Directors at any Annual, Regular or Special Meeting of the Board of Directors. These Bylaws may be amended at any Annual Meeting of the Association or at any Special Meeting called for the purpose of amending the Bylaws, by a vote of the Members.

Any amendment adopted at an Annual or Special Meeting of the Association may thereafter only be amended at an Annual or Special Meeting of the Association.

If the Planned Community has been or is to receive Veterans Administration and/or Federal Housing Administration approval, then at any time during the Period of Declarant Control, such agencies shall have the right to veto amendments.

ARTICLE TWELVE: INDEMNIFICATION

12.1 General Provisions.

The Association shall indemnify any person who is or was a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was a Director or Officer of the Association, against expenses including attorney's fees, liability, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding if such person: (i) acted in good faith; (ii) reasonably believed, in the case of conduct in an official capacity with the Association, that the conduct was in the best interests of the Association, and, in all other cases, that the conduct was at least not opposed to the best interests of the Association; and (iii) with respect to any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful.

However, no person shall be entitled to indemnification under this Paragraph 12.1 either: (i) in connection with a proceeding brought by or in the right of the Association in which the Director or Officer was adjudged liable to the Association; or (ii) in connection with any other proceeding charging improper personal benefit to the Director or Officer, whether or not involving action in that person's official capacity, in which the Officer or Director is ultimately adjudged liable on the basis that the Director or Officer is ultimately adjudged liable on the basis that the Director or Officer improperly received personal benefit.

Indemnification under this Paragraph 12.1 in connection with a proceeding brought by or in the right of the Association shall be limited to reasonable expenses incurred in connection with the proceeding. The termination of any action, suit or proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself be determinative that the person did not meet the standard of conduct set forth in this Paragraph 12.1.

12.2 Successful Defense on the Merits: Expenses.

To the extent that a Director or Officer of the Association has been wholly successful on the merits in defense of any proceeding to which he or she was a party, such person shall be indemnified against reasonable expenses, including attorney's fees actually and reasonably incurred in connection with such proceeding.

12.3 Determination of Right to Indemnification.

Any indemnification under Paragraph 12.1 (unless ordered by a court) shall be made by the Association only as authorized in each specific case upon a determination that indemnification of the Director or Officer is permissible under the circumstances because such person met the applicable standard of conduct set forth in Paragraph 12.1.

Such determination shall be made: (i) by the Board of Directors by a majority vote of a quorum of disinterested directors who at the time of the vote are not, were not, and are not threatened to be made parties to the proceeding; or (ii) if such a quorum of the Board of Directors cannot be obtained by independent legal counsel selected by the Board of Directors. Authorization of indemnification and evaluation as to the reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that, if the determination that indemnification is permissible is made by independent legal counsel, authorization of indemnification and evaluation of legal expenses shall be made by the body that selected such counsel.

12.4 Advance Payment of Expenses: Undertaking to Repay.

The Association shall pay for or reimburse the reasonable expenses including attorney's fees incurred by a Director or Officer who is a party to a proceeding in advance of the final disposition of the proceeding if: (i) the Director or Officer furnishes the Association a written affirmation of the Director's or Officer's good faith belief that the person has met the standard of conduct set forth in Paragraph 12.1; (ii) the Director or Officer furnishes the Association with a written undertaking, executed personally or on the Director's or Officer's behalf, to repay the advance of it is determined that the person did not meet the standard of conduct set forth in Paragraph 12.1.

Such undertaking shall be an unlimited general obligation of the Director or Officer but which need not be secured

and which may be accepted without reference to financial ability to make repayment; and (iii) a determination is made by the body authorizing indemnification that the facts then known to such body would not preclude indemnification.

12.5 Other Employees and Agents.

The Association shall indemnify such other employees and agents of the Association to the same extent and in the same manner as is provided above in Paragraph 12.1 with respect to Directors and Officers, by adopting a resolution by a majority of the members of the Board of Directors specifically identifying by name or by position the employees or agents entitled to indemnification.

12.6 Nonexclusivity of Article 12.

The indemnification provided by this Article 12 shall not be deemed exclusive of any other rights and procedures to which one indemnified may be entitled under the Articles of Incorporation, any bylaw, agreement, resolution of disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or Officer, and shall inure to the benefit of such person's heirs, executors and administrators.

12.7 Liability of Directors.

No Director shall be personally liable to the Association for monetary damages for any breach of fiduciary duty as a Director, except that no Director's liability to the Association for monetary damages shall be eliminated or limited on account of any of the following: (a) any breach of the Director's duty of loyalty to the Association or its Members, (b) any acts or omissions of the Director not in good faith or that involve intentional misconduct or a knowing violation of law, or (c) any transaction in which the Director received improper personal benefit.

Nothing herein will be construed to deprive any Director of the right to all defenses ordinarily available to a Director nor will anything herein be constructed to deprive any Director of any right for contribution from any other Director or other person.

ARTICLE THIRTEEN: MISCELLANEOUS

13.1 Financial Statements.

Any mortgagee shall be entitled, upon written request, to an audited Financial Statement for the immediately preceding fiscal year at such mortgagee's expense. Any Financial Statements so requested shall be furnished within a reasonable time following such request.

13.2 Robert's Rules of Order.

All Meetings of the Association and all meetings of the Board of Directors will be held in accordance with Robert's Rules of Order.

13.3 Minutes.

At all Meetings of the Association and at all meetings of the Board of Directors, minutes shall be taken and kept in a permanent file and be available for review by the members in accordance with Paragraph 9.3 hereof.

13.4 Corporate Seal.

The Board of Directors shall adopt a seal which shall have inscribed thereon the name of the Association and the words "Seal" and "Colorado".

13.5 Fiscal Year.

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, unless changed by the Board of Directors. The first year shall begin on the date of incorporation.

13.6 Waiver.

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

13.7 Interpretation.

The provisions of these Bylaws shall be liberally construed to effect the purpose of ensuring that the Planned Community shall at all times be operated and maintained in a manner so as to optimize and maximize its enjoyment and utilization by each Lot Owner.

ARTICLE FOURTEEN: SUPPLEMENTAL PROVISIONS

The following provisions are contained in these Bylaws in response to Senate Bills 05-100 and 06-089 (the "Senate Bills"), enacted by the Colorado State Legislature on June 6, 2005 and May 26, 2006 respectively, which amend the Act. It is anticipated and recommended that as the Act may be further amended from time to time the Board of Directors and/or the Owners will adopt amendments to these Bylaws so that these Bylaws are consistent with the Act. The requirements set forth in this ARTICLE FOURTEEN and in Sections 4.4, 4.5, 4.10, 5.2, 5.7, 6.10, 6.11, 6.12, 7.4, 7.12, 7.13, 7.14, 9.3, 9.4, 9.5, 9.6, 9.7 and 12.7 of these Bylaws that incorporate provisions of the Act as amended by the Senate Bills are not intended to impose stricter or greater obligations or burdens on the Board of Directors than are required by the Act as it may exist from time to time, it being intended that these requirements are included for informational purposes so that the members and the Board will be aware of the requirements of the Act and that the Board must comply with such requirements only if and to the extent then required by the Act. These Bylaws shall be interpreted and applied with that in mind and with the further intention that these Bylaws may be amended from time to time to reflect future changes to the Act.

14.1 Public Disclosures.

Within ninety (90) days after the date of adoption of these (amendments to the) Bylaws, and within ninety (90) days after the end of each fiscal year thereafter, the Association shall make the following information available to Owners upon reasonable notice:

- (a) The date on which the Association's fiscal year commences;
- (b) The Association's operating budget for the current fiscal year;
- (c) A list, by Lot, of the Association's current assessments, including both regular and special assessments;
- (d) The Association's annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) The results of its most recent available financial audit or review;
- (f) A list of all Association insurance policies including, but not limited to, property, general liability, Association director and officer professional liability and fidelity policies, which list shall include the company names, policy limits, policy deductibles, additional named insureds and expiration dates of the policies listed;
- (g) All of the Association's bylaws, articles, rules and regulations;
- (h) The minutes of the executive board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- (i) The Association's "Responsible Governance Policies" adopted under Section 14.2 herein.

In addition, within ninety (90) days after the date of adoption of these Bylaws, the Association shall make the following information available to Owners upon reasonable notice:

- (a) the name of the Association;
- (b) the name of the Association's designated agent or management company, if any;
- (c) a valid physical address and telephone number for both the Association and the designated agent or management company, if any;

- (d) the name of the common interest community;
- (e) the initial date of recording of the Declaration; and
- (f) the reception number for the Declaration.

If the Association's address, designated agent or management company changes, the Association shall make updated information available within ninety (90) days after the change.

The Association may accomplish the above disclosures by one or more of the following means as determined by the Board: (a) posting on an internet web page with accompanying notice of the web address via first class mail or email, (b) the maintenance of a literature table or binder at the Association's principal place of business, (c) first class mail, postage prepaid, or (d) personal delivery. The cost of such distribution shall be accounted and paid for by the Association as part of the Common Expenses of the Association.

14.2 Responsible Governance Policies.

To promote responsible governance, the Association shall:

- (a) Maintain accurate and complete accounting records; and
- (b) Adopt policies, procedures, and rules and regulations concerning:
 - (i) Investment of reserve funds;
 - (ii) Procedures for the adoption and amendment of policies, procedures, and rules; and
 - (iii) Procedures for addressing disputes arising between the Association and Owners. *See also* Section 14.6 herein.

14.3 Board Member Education.

The Board may authorize, and account for as a Common Expense, reimbursement of Board Members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of the Association. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to applicable sections of the Act.

14.4 Owner Education.

The Association shall provide, or cause to be provided, education to Owners at no cost, on at least an annual basis, as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board under Colorado law. The criteria for compliance with this Section 14.4 shall be determined by the Board.

14.5 Audit.

At the discretion of the Board or upon request as provided in this Section 14.5, the books and records of the Association shall be subject to an audit or review.

An audit shall be required under this Section 14.5 only when both of the following conditions are met:

- (a) The Association has annual revenues or expenditures of at least Two Hundred Fifty Thousand dollars (\$250,000.00); and
- (b) An audit is requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

A review shall be required only when requested by the Owners of at least one-third (1/3) of the Lots represented by the Association.

Any audit shall be conducted using generally accepted auditing standards. Any review shall be conducted using statements on standards for accounting and review services. The audit or review shall be conducted by an independent and qualified person selected by the Board. In the case of an audit, the person selected must be a certified public accountant. In the case of a review, the person selected must have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level or bona fide home study. The audit or review shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash or tax basis of accounting.

Copies of any audit or review required under this Section 14.5 shall be made available upon request to any Owner beginning no later than thirty (30) days after its completion.

14.6 Adoption of Procedure for Addressing Disputes.

The Board shall adopt a written policy setting forth its procedure for addressing disputes arising between the Association and Owners. The Association shall make a copy of this policy available to Owners upon request.

Original signed May 14, 1999.

Amendments signed August 21, 2008.