

**BYLAWS
OF
THE CUB CREEK RANCH HOMEOWNERS ASSOCIATION**

**ARTICLE I
General**

1.1 Purpose of Bylaws. These Bylaws are adopted for the regulation and management of the affairs of The Cub Creek Ranch Homeowners Association (“Association”). The Association has been organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act (“CRNCA”) to be and constitutes the Association described in that certain Declaration of Covenants, Conditions and Restrictions for Cub Creek Ranch, a planned residential community (“Declaration”), recorded or to be recorded in the records of the Clerk and Recorder of the County of Jefferson, Colorado encumbering LOTS 22-35, INCLUSIVE, AND TRACTS B-E, INCLUSIVE, CUB CREEK RANCH AMENDMENT 1, COUNTY OF JEFFERSON, STATE OF COLORADO AND LOTS 1-21, INCLUSIVE, AND TRACT F, CUB CREEK RANCH AMENDMENT 1, COUNTY OF JEFFERSON, STATE OF COLORADO. All capitalized terms used herein shall have the same meanings as used in the Declaration, unless otherwise defined herein.

**ARTICLE II
Offices**

2.1 Principal Office. The principal office of the Association in the State of Colorado shall be located in Jefferson County, Colorado. The initial principal office of the Association is set forth in the Articles of Incorporation. The corporation may have such other offices either within or without the State of Colorado as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

2.2 Registered Office and Agent. The corporation shall have and continuously maintain in the State of Colorado a registered office and a registered agent whose office is identical with such registered office as required by CRNCA. The registered office may be but need not be identical with the principal office in the State of Colorado, and the address of the registered office may be changed from time to time by the Board of Directors.

**ARTICLE III
Members**

3.1 Members. Each Owner of a Lot shall be a member of the Association (“Member”). A Member may not resign from the Association as long as a member is an Owner of a Lot. Membership in the Association appurtenant to each Lot shall automatically transfer upon the conveyance of each respective Lot. The new Owner shall deliver a copy of the recorded conveyance instrument to the Association.

3.2 Voting Rights of Members. Each Lot shall be allocated one (1) vote, subject to the provisions of 4.13.

3.3 Voting by Joint Owners. If a membership stands of record in the names of two (2) or more persons, their acts with respect to voting shall have the following effect:

- a. If only one (1) votes, such act binds all; and
- b. If more than one (1) votes, the vote shall be divided on a pro-rata basis. In no event shall more than one (1) vote be cast with respect to any Lot.

As used in these Bylaws, the term “person” shall mean a natural individual or any entity with the legal right to hold title to real property.

3.4 Voting by Proxy. A vote allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one Person, each Owner of the Lot may vote through a duly executed proxy. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof and must be filed with the secretary at or before the appointed time of the meeting. Each proxy shall specifically set forth the name of the person voting by proxy, the name of the person authorized to vote the proxy for him, the date the proxy was given, and shall be signed by the Owners of the Lot for which the proxy is given. Each proxy shall contain the date, time and place of the meeting for which the proxy is given, the date the proxy was given and if a limited proxy, set forth those items which the holder of the proxy may vote and the manner in which the vote is cast. If a proxy expressly provides, any proxy holder may appoint in writing a substitute to act in his place. If such provision is not made, substitution is not authorized. An Owner may revoke a proxy given pursuant to this Section by attending any meeting and voting in person, or signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. A proxy terminates eleven (11) months after its date unless it provides otherwise.

ARTICLE IV Meetings of Members

4.1 Annual Meetings. There shall be a regular annual meeting of the Members of the Association held at such time, place, and date and by such means and manner as may be designated by the Board of Directors. The annual meeting shall be held to transact such business as may properly come before the meeting.

4.2 Special Meetings. Special meetings of the Members shall be called by the President of the Association, a majority of the Board of Directors of the Association or by Members representing not less than twenty percent (20%) of the total votes of all Members. Only business within the purpose or purposes described in the notice of the meeting may be conducted at a special meeting of the Members.

4.3 Record Date. For the purpose of determining the Members entitled to notice of and to vote at any meeting of the Members, the Board of Directors shall fix a record date for such determination, which date shall not be more than seventy (70) days before the meeting.

4.4 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors. Any or all of the Members may participate in a meeting of the Members by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A Member participating in a meeting by this means is deemed to be present in person at the meeting.

4.5 Notice of Members Meetings. Written notice stating the place, date and hour of any meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting by or at the direction of the President or the Secretary of the Association to each Member entitled to vote at such meeting. Such notice shall be in person; by telephone, telegraph, teletype, electronically transmitted, or other form of wire or wireless communication; or by mail or private carrier in accordance with CRNCA.

The notice of an annual meeting shall identify the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove an officer or member of the Board of Directors, and any matter which it is known may come before the meeting. The notice of special meeting shall state the purpose or purposes for which the meeting is called.

If mailed, such notice shall be deemed effective the earliest of the date received, or five (5) days after its deposit in the United States mail, as evidenced by the postmark, with first class postage affixed addressed to the Member at his or her address as it appears on the records of the Association or to any other mailing address designated in writing by the Member, or 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. Such notice may be communicated by a newspaper of general circulation in the area where published and such notice shall be deemed delivered to any Member upon publication five (5) separate times with the first such publication no more than sixty (60) days, and the last such publication no fewer than ten (10) days, before the meeting date, if such Member has not furnished an address for mailing of notice to the Association.

4.6 Quorum. The presence at any meeting in person or by proxy of Members entitled to cast at least ten percent (10%) of the total votes of all Members shall constitute a quorum at any meeting of Members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of Members so as to leave less than a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

4.7 Order of Business. The order of business at a meeting of Members shall be as follows: (a) roll call and certifying of proxies to determine whether or not a quorum is represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of the minutes of the preceding meeting; (d) reports of officers and committees; (f) election of directors; (g) such other business for which the meeting was called; (h) unfinished business; (i) new business; (j) adjournment.

4.8 Presiding Officer. The President of the Association, or in his absence the Vice-President, shall call meetings of Members to order and act as the chairman. In the absence of both of these officers, the Members present shall select a chairman and secretary of the meeting.

4.9 Vote Required at Members Meeting. At any meeting if a quorum is present, a majority of the votes present in person or by proxy and entitled to be cast on an issue shall be necessary for its adoption, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

During the Declarant Control Period neither the Board of Directors nor the Association acting through its members shall be authorized to amend any of the Property Documents without

Declarant's consent. After the expiration of the Declarant Control Period, and as long thereafter as Declarant holds a Lot within the Property, the Association shall not be permitted to amend any Property Document that will adversely affect the rights or increase the obligations of Owners including Declarant, unless Declarant consents thereto.

4.10 Waiver of Notice. A waiver of notice of any meeting of Members signed by a Member whether given before or after the meeting 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 except when the Member attends for the sole and express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.11 Action of Members Without A Meeting. Any action required to be taken or which may be taken at a meeting of the 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.

4.12 Voting by Mail. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting by written ballot in accordance with CRNCA.

4.13 Entitlement to Vote and Hold Office. No Member or representative of a Member shall be entitled to vote or hold office or act as an officer or director of the Association at any time that the Member is delinquent in the payment of any Assessment levied by the Association against the Member or the Member's Lot or in violation of the Declaration or Articles of Incorporation, Bylaws or rules and regulations and after notice and reasonable opportunity to cure as determined by the Board of Directors.

ARTICLE V **Board of Directors**

5.1 General Powers and Duties of the Board. The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation, maintenance, and repair of the Property in accordance with the Declaration. Without limiting the generality of the foregoing, the Board of Directors 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 expressly reserved to the Members in the Declaration, the Articles of Incorporation, these Bylaws, CRNCA or other applicable statutes.

5.2 Special Powers and Duties of the Board. Without limiting the foregoing statement of general powers and duties, the Board of Directors shall be vested with the specific duties, powers and authority as established herein and in the Declaration and the Articles of Incorporation and by CRNCA and other applicable statutes.

5.3 Number of Directors. The number of directors shall be not more than seven (7) nor less than three (3) as determined by resolution of the Board of Directors from time to time. Provided, however, that no decrease in the number of directors shall be approved which will have the effect of shortening the term of office of any incumbent director.

5.4 Qualification of Directors. A majority of the directors shall be members of the Association excepting that during the Declarant Control Period the directors appointed by the

Declarant need not be members. Where Lots are owned by business organizations, the officers, directors, employees or other designated representatives of said business organizations shall be eligible to serve on the Board of Directors.

5.5 Appointment, Election and Term of Office. The initial Board of Directors shall consist of five (5) directors. The directors named in the Articles of Incorporation shall serve until the first election of directors by Owners other than Declarant, and any vacancies in office occurring before the first election shall be filled by the Declarant. From the date of formation of the Association until the termination of Declarant's control as provided below, Declarant shall have the right, subject to the terms of the Bylaws and the Declaration, to appoint and remove all members of the Board of Directors of the Association. Members of the Board of Directors elected thereafter shall serve for terms of three (3) years each. Members of the Board of Directors shall be elected as follows:

- a. Not later than sixty (60) days after twenty-five percent (25%) or more of Lots are owned by Owners other than the Declarant, the Owners other than the Declarant shall be entitled to elect at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors.
- b. Not later than sixty (60) days after fifty percent (50%) or more of the Lots are owned by Owners other than the Declarant, the Owners other than the Declarant shall be entitled to elect not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors.
- c. Not later than the termination of the Declarant Control Period, the Owners other than the Declarant shall be entitled to elect a majority of the members of the Board of Directors.

5.6 Termination of Declarant Control Period. The Declarant Control Period shall terminate upon the first to occur of the following:

- a. sixty (60) days after conveyance by Declarant of seventy-five percent (75%) or more of the Lots to Owners other than the Declarant;
- b. two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of its business;
- c. two (2) years after any right to add new Lots was last exercised; or
- d. the date on which Declarant voluntarily relinquishes such power evidenced by a notice recorded in the office of the Clerk and Recorder for the County of Jefferson, Colorado.

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

Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that may be created to Owners other than Declarant, at least one (1) member and not less than twenty-five

percent (25%) of the members of the Board of Directors will be elected by Owners other than Declarant.

Not later than sixty (60) days after the conveyance of fifty percent (50%) of the Lots that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (33 1/3 %) of the members of the Board of Directors will be elected by Owners other than Declarant.

Not later than the termination of the Declarant Control Period, the Owners (including Declarant) shall elect a Board of Directors 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 and the Board of Directors shall elect the officers, with such Directors and officers to take office upon election.

Within sixty (60) days after Owners other than Declarant elect a majority of the Board of Directors, Declarant shall deliver to the Association all property of the Owners and the Association held or controlled by Declarant, including without limitation those items specified in Section 303(9) of CCIOA.

Subject to the limitations set forth above, the Declarant shall be entitled to appoint not less than one (1) member of the Board of Directors as long as the Declarant holds for sale in the ordinary course of business at least one (1) Lot.

5.7 Removal of Directors. The Members, by a two-thirds (2/3rds) vote of all Members entitled to vote, may at any meeting of the Members at which a quorum is present, remove any member of the Board of Directors, except those directors appointed by the Declarant, with or without cause.

5.8 Other Vacancies. Any vacancy occurring in the Board of Directors other than by removal of a director at a meeting of Members, may be filled by the affirmative vote of a majority of the then remaining directors even though less than a quorum. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office.

5.9 Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after and at the same place as the regular annual meeting of Members. The Board of Directors may provide by resolution the time and place, either within or without the State of Colorado, for the holding of additional regular meetings of the Board without other notice than such resolution.

5.10 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

5.11 Notice of Directors Meeting. Notice of any special meeting of the Board of Directors shall be given at least two (2) days prior to the meeting by written notice delivered to each director at his or her address as shown by the records of the Association in person; by telephone, telegraph, teletype, electronically transmitted, or other form of wire or wireless communication; or by mail or private carrier. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends the meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in

the notice or waiver of notice of such meeting unless specifically required by law or by these Bylaws.

5.12 Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. However, if less than a majority of directors is present at said meeting, they may adjourn the meeting from time to time without further notice.

5.13 Manner of Acting. 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 unless a greater number is required by law or by these Bylaws.

5.14 Action of Directors Without a Meeting. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing shall be signed by all of the directors as provided by CRNCA.

5.15 Means of Conducting Meetings. The Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

5.16 Presiding Officer. The presiding officer of Board of Director meetings shall be the President of the Association. In the absence of the President the Vice-President, if any, shall preside or such other individual as voted on by the Board of Directors.

ARTICLE VI

Special Powers and Duties

6.1 Special Powers. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law, statutes, and the Property Documents. The Board of Directors may do all such acts and things which are not specifically required to be done by the Members of the Association by law, the Declaration, the Articles, or these Bylaws. Such powers and duties of the directors shall be exercised in accordance with the provisions of the Declaration, and shall include, but not be limited, to the following:

- a. Preparing and adopting an annual budget in which there shall be established the contribution of each Owner to the Common Expenses of the Property;
- b. Establishing reserves as part of the budget for the replacement and/or major maintenance expense of the perimeter fence around the Property and for other capital improvements based upon the estimated useful life of the improvement;
- c. Making Assessments to defray the Common Expenses, and establishing the period of the installment payments of the Annual Assessments; provided that unless otherwise determined by the Board of Directors, the Annual Assessment against the proportionate share of the Common Expenses shall be payable in full annually in advance;
- d. Establishing the means and methods of collecting Assessments which shall be deemed to be Common Expenses;

- e. Providing for the operation, care, upkeep and maintenance of all of the Common Elements and other property as set out in the Declaration;
- f. Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, other property as set out in the Declaration and the operation of the Association; and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- g. Opening of bank accounts on behalf of the Association and designating the signatories required;
- h. Collecting the assessments, depositing the proceeds thereof in a bank depository and using the proceeds to administer the Association;
- i. Making and amending rules and regulations;
- j. Making or contracting for the making of repairs, additions and improvements to or alterations of the Common Elements and other property in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;
- k. Enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- l. Obtaining and carrying insurance against casualties and liabilities and fidelity insurance as the Board determines and paying the premium cost thereof;
- m. Paying the cost of all services rendered to the Association or its Members and not chargeable to individual Owners;
- n. Keeping books and detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- o. Making available to any prospective purchaser of a Lot, any Owner, any first mortgagee, and the holders, insurers and guarantors of a first mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules and regulations governing the Lot, and all other books, records and financial statements of the Association;
- p. Permitting utility suppliers to use portions of the Common Elements reasonably necessary to the ongoing development or operation of the Property; and
- q. Retaining accountants and other advisors and requesting an annual audit or review of the financial records of the Association.

6.2 Limitation Upon Liability of the Association. Notwithstanding the duty of the Association to maintain and repair portions of the Property, the Association shall not be liable to

Owners for injury or damage, other than for the cost of maintenance and repair, caused by any latent condition of the Property to be maintained and repaired by the Association, or caused by the elements or other Owners or persons.

6.3 Cooperation with Other Associations. The Association may contract or cooperate with other homeowners' associations or entities as convenient or necessary to provide services and privileges, such as access to recreational facilities, and to fairly allocate costs among the owners or the parties utilizing such services and privileges. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense. The Association shall provide current addresses of Owners to the other associations from time to time when necessary and appropriate in connection with the performance of the official duties of such associations.

ARTICLE VII

Officers

7.1 Officers and Qualification. The officers of the Association shall be a President, a Secretary, a Treasurer and such other officers as may be deemed necessary by the Board of Directors. Any two or more offices may be held by the same person.

7.2 Election and Term of Officers provided above, Declarant shall have the right, subject to the terms of the Bylaws and the Declaration, to appoint and remove all officers of the Association. Thereafter, the officers of the Association shall be elected annually for a one (1) year term by the Board of Directors at the regular annual meeting of the Board of Directors. Each officer shall hold office until his or her successor has been duly elected and qualified.

7.3 Removal of Officers. After termination of Declarant's control, any officer may be removed by the Board of Directors with or without cause whenever in the Board of Directors' judgment the best interests of the Association will be served thereby.

7.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

7.5 President. The President shall be the principal executive officer of the Association and shall supervise all of the business and affairs of the Association. In general, he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall preside at all meetings of the Board of Directors and of the Members of the Association.

7.6 Vice-President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice-President, if any, shall perform the duties of the President and when so acting shall have all of the powers of and shall be subject to all of the restrictions upon the President. A Vice-President shall perform such other duties as may be assigned to him or her by the President or by the Board of Directors.

7.7 Treasurer. The Treasurer shall have the charge and custody of and be responsible for all funds and security of the Association; the Treasurer shall keep correct and complete financial records of books of account and records of financial transactions and condition of the Association and shall submit such reports as the Board of Directors may from time to time require. In

general, the Treasurer shall perform all of the duties incident to the office of Treasurer and such other duties as may be from time to time assigned to him or her by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with sure surety as the Board of Directors shall determine. The Association shall pay the premium for such bond.

7.8 Secretary. The Secretary shall keep the minutes of the meetings of the Members and of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be the custodian of the corporate records and of the seal of the corporation; keep membership books and a register of the address of each Member; prepare, execute, certify and record amendments to the Declaration on behalf of the Association; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

ARTICLE VIII Committees

8.1 Committees of Directors. The Board of Directors may designate and appoint one or more committees which may consist of or include Members or their designated representatives who are not directors. Any such committee shall have and exercise such authority as may be specified in the resolution creating such committee except such authority as can only be exercised by the Board of Directors.

8.2 Design Review Committee. The Design Review Committee shall be a committee of the Association under the authority and control of the Board of Directors.

8.3 Executive Committee. The Board of Directors may designate and appoint an executive committee which shall consist of at least three (3) directors and which shall have and exercise all authority of the Board of Directors except such authority as can only be exercised by the Board of Directors.

8.4 General Provisions Applicable to Committees. The designation and appointment of any committee and the delegation of authority shall not operate to relieve the Board of Directors of any responsibility imposed upon it by law. The provisions of these Bylaws with respect to notice of meeting, waiver of notice, quorum, adjournment, votes required, and action by consent applicable to meetings of the Board of Directors shall be applicable to meetings of committees. In addition, each committee may adopt rules for its own governance not inconsistent with these Bylaws, the Declaration, the Articles of Incorporation, or with rules and regulations adopted by the Board of Directors.

ARTICLE IX Managing Agent

9.1 Employment of Managing Agent. The Board of Directors may employ for the Association a professional management agent or agents (the "Managing Agent") at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the Managing Agent, subject to the Board's supervision, all or part of the powers granted to the Board of Directors by the Property Documents and applicable law.

ARTICLE X
Financial Matters

10.1 Contracts. The Board of Directors may authorize any officer or officers of the Association to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Association.

10.2 Checks and Drafts. All checks, drafts or orders for the payment of money or other evidences of indebtedness issued in the name of the Association shall be signed by two officers or agents of the Association and in such manner as shall from time to time be determined by the Board of Directors.

10.3 Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may select.

10.4 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for any purpose of the Association.

10.5 Compensation of Officers, Directors and Members. No director shall have the right to receive any compensation from the Association for serving as a director except for reimbursement of expenses as may be approved by resolution of the Board of Directors. Officers, agents and employees shall receive such reasonable compensation as may be approved by the Board of Directors.

10.6 Loans to Directors and Officers Prohibited. No loan shall be made by the Association to any director or officer.

ARTICLE XI
Notice and Hearing Procedure

11.1 Violations. The Board shall not impose a fine, suspend voting, or infringe upon any other rights of an Owner, a guest, or other occupant or a Lot for violations of rules and regulations promulgated by the Association unless and until the following procedure is followed:

- a. Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:
 - (i) The alleged violation;
 - (ii) The action required to abate the violation; and
 - (iii) A time period, not less than ten (10) days, during which the violation may be abated without further actions.

If such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

11.2 Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall serve the violator with written notice of a hearing to be held by the Board in executive session. The notice shall be by the Board or its designee. Such time frame may be extended retroactively or prospectively by a majority vote of the Board of Directors for a time frame not to exceed thirty-six months from such demand. The notice shall be served in the same manner as notice of a meeting of Members of the Association. The notice shall contain:

- a. The nature of the alleged violation;
- b. The time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- c. An invitation to attend the meeting and produce any statement, evidence and witnesses on his or her behalf; and
- d. The proposed sanction to be imposed.

11.3 Hearing. The hearing shall be held by the Board of Directors with a majority of such Board in attendance or, alternatively, by a written designee of the Board pursuant to notice affording to the Owner a reasonable opportunity to be heard and present evidence. No formal rules of evidence shall be utilized at the hearing, but rather, evidence offered will be liberally construed to include hearsay evidence. No stenographic or record transcript of the proceeding or other memorialization of the proceeding will be necessary. There will be no right of appeal from any decision made by the Board or its designee. Prior to imposition of any sanction against an Owner, evidence of notice and the invitation to be heard shall be placed in the minutes of the meeting. 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 into the minutes. The notice requirement shall be conclusively deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

The following sanctions may be imposed by the hearing Board members or their designee, upon a violator, or sanctions, relief or damages may be sought against violator in a court of law after determination of violator liability:

- a. A preliminary or permanent injunction precluding the violator from continuing with his or her wrongful conduct;
- b. Imposition of a "fine" to be paid by the violator to the Association within thirty (30) days of the imposition of the sanction. Failure of a violator to pay the "fine" within such time frame shall permit the Association to file a lien for the amount of such fine against the violator's real property. Such lien shall bear interest at the rate of one and one-half percent (1 ½ %) per month or eighteen percent (18%) per annum until paid. Any "fine" levied against a violator shall be less than \$100.00 for the first occurrence, \$200.00 for the second occurrence or failure to timely cure per paragraph (v) and \$300.00 per occurrence thereafter or failure to timely cure after expiration of ninety days from the date of violation determination;

- c. The violator shall be liable for, and any court shall impose against such violator, the costs and attorney's fees incurred by the Association as a result of or related to such violation, as well as any attorney's fees and costs incurred by any member of the Board as a result of or related to such violation;
- d. Damages awarded to the Association by a court of competent jurisdiction;
- e. Re-imposition of the fine imposed on the violator not more frequently than once every forty-five (45) days if the violation has not been remedied within such time frame. The hearing Board members or their designee, shall determine whether the violation has been cured within thirty (30) days of such request by the violator; and
- f. Reimbursement of Association for the cost of curing the problem or matter if not remedied by the Owner within ninety (90) days from the date of violation determination.

ARTICLE XII
Parliamentary Rules

Robert's Rules of Order (latest edition) shall govern the conduct of the Association proceedings when not in conflict with the Articles of Incorporation and Bylaws or with applicable law.

ARTICLE XIII
Amendments to Bylaws

13.1 Bylaws. Amendments to the Bylaws shall be proposed and adopted in the following manner:

- a. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.
- b. An amendment may be proposed by either the Board of Directors or by the membership of the Association. Except as otherwise provided herein, a resolution adopting a proposed amendment to the Bylaws must receive approval of not less than two-thirds (2/3rds) of all the directors until the first election of a majority of directors by Owners other than the Declarant. Thereafter, the Bylaws may be amended by not less than two-thirds (2/3rds) of all the directors and by not less than a majority vote of the members of the Association present in person or by proxy, at a duly called meeting of the Association.
- c. An amendment to the Bylaws when adopted shall become effective ten (10) days after notice thereof is given to Owners.

These Bylaws shall be amended by the Declarant, if necessary, to make the same consistent with the provisions of the Declaration, to meet the requirements of any governmental entity or statute, as may be in the best interests of the Association.

ARTICLE XIV
Fiscal Management

The provisions for fiscal management of the Association set forth in the Declaration and the Articles shall be supplemented by the following provisions:

14.1 Assessments. The Board of Directors shall fix and determine, from time to time, the sum or sums necessary and adequate for the Common Expenses of the Property. Common Expenses shall include the expenses for the operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, and any other expenses designated as Common Expenses from time to time by the Board of Directors, or under the provisions of the Declaration. Assessments may also include amounts owed to other property and owners associations of which the Property is a part or of which the Owners are members.

The Board of Directors is specifically empowered, on behalf of the Association, to make and collect assessments and to lease, maintain, repair and replace the Common Elements. The Board of Directors shall have the power, on behalf of the Association, to lease Common Elements in accordance with the provisions of the Declaration. Funds for the payment of Common Expenses shall be assessed against the members as provided in the Declaration. Assessments for Lots for a budget year shall be billed no less frequently than annually as directed by the Board of Directors. Failure to bill in conformity with such time limits shall not affect the enforceability of assessments. Special assessments, should such be required by the Board of Directors, shall be levied in the same manner as provided for regular assessments, and shall be payable in the manner determined by the Board of Directors.

The assessment roll shall be maintained in a set of accounting books or records in which there shall be an account for each Lot. Such an account shall designate the name and address of the members or member, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due upon assessments. Assessments shall be made against members in an amount not less than required to provide funds in advance for payment of all of the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. In the absence of a determination by the directors as to the frequency of assessments, assessments shall be due and payable annually. The personal liability of a member for assessments shall survive the termination of such member's membership in the Association.

Any member shall have the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his Lot. The holder of a mortgage or other lien shall have the same right as to any Lot upon which such holder has a lien. Any person who relies upon such certificate shall be protected thereby.

Notice of any meeting, whether a meeting of the Board of Directors or of the members of the Association, at which assessments against members are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of such assessments.

14.2 Assessment Liens and Personal Obligation for the Assessment. The Assessments shall be a continuing lien upon the Lot against which each Assessment was levied and a personal obligation of the Owner of such Lot or of the persons jointly and severally, who were the Owners of such Lot at the time when the Assessment was levied. The personal obligation for delinquent Assessments shall not pass to successors in title unless expressly assumed by them. The Association may bring an action to foreclose the lien for Assessments, may bring an action for a money judgment against a delinquent Owner to collect all sums due the Association, including,

but not limited to, unpaid Assessments, interest, late charges, fines, fees, charges, costs and reasonable attorneys' fees, or may do both.

14.3 Due Date, Non-Payment of Assessments, Remedies of the Association. The Annual Assessment for Common Expenses shall be levied on an annual basis and shall be due and payable as determined by the Board of Directors. Individual Purpose Assessments and Special Assessments shall be due and payable as established by the Board of Directors but may be payable on an installment basis as determined by the Board of Directors.

Written notice of all assessments shall be sent to each Owner subject thereto specifying the type of Assessment, the amount and the date such Assessment is due.

All Assessments shall become delinquent unless paid by their due date. If such Assessments are not paid by their due date, the Owner obligated to pay such Assessment will be required to pay a reasonable administrative late fee, as determined by the Board of Directors from time to time in its discretion and uniformly applied. In addition, any past due Assessments shall bear interest from the date due until paid at the rate established by the Board of Directors but not exceeding the highest lawful rate. The Association is authorized to utilize the services of either a collection agency or attorney, or both, for collection of delinquent accounts and to charge and impose a lien against the delinquent Owner for such costs in accordance with CCIOA. In the event a "Notice of Lien" is filed to enforce collection, the cost of preparation, filing and release shall be considered a cost of collection. All fees and costs charged to an Owner under this subsection may be charged to an Owner without the necessity of commencing a legal proceeding.

All payments on accounts shall be first applied to any interest that has accrued, then to any administrative late fee, then to any costs and reasonable attorneys' fees incurred in collection, and then to the Assessment payment first due.

Failure to make payment of any Assessment within sixty (60) days of the due date thereof shall cause the total amount of such Owner's Assessment for the remainder of that calendar year to become immediately due and payable at the option of the Board of Directors.

The Association is hereby granted a priority lien against all Lots for any payment of an Assessment which the Owner fails to make as required by the Declaration. The lien of the Assessment and fines, if any, together with interest, late fees, costs of collection including reasonable attorneys' fees, shall be prior to all other liens and encumbrances. Such lien is automatically perfected from and after the recording of the Declaration without the necessity of recording any notice of lien and shall continue until such Assessment together with interest, late fees and all costs of collection including reasonable attorneys' fees are paid. The lien hereby given shall also be a lien upon all of the rents and profits of the encumbered Lot. If a foreclosure action is filed to foreclose any Assessment lien, and an Owner abandons or leaves vacant his Lot, the Board of Directors may take possession and rent said Lot or apply for the appointment of a receiver for the Lot without prior notice to the Owner. In addition to the lien herein granted, any Owner who fails to pay any amounts assessed against his Lot, and obtain judgment for the amount of the Assessments due together with late fees, plus all costs of collection, including reasonable attorneys' fees in collecting the judgment.

All liens of the Association shall be subordinate to: (i) any lien or encumbrance recorded prior to the date of recording the Declaration; (ii) a security interest on a Lot which has priority over all other security interests on a Lot and which was recorded before the date on which the Assessment sought to be enforced became delinquent; and (iii) any liens for real estate taxes and other

governmental assessments or charges against the Lot. All other persons not holding liens described in the previous sentence and obtaining a lien or encumbrance on any Lot after the recording of the Declaration shall be deemed to consent that any such lien or encumbrance shall be subordinate and inferior to the Association's past and future liens for Assessments, interest, late charges, costs, expenses, and attorneys' fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

The lien accruing hereunder shall be foreclosed as provided by the laws of the State of Colorado for foreclosure of mortgages on real property. The Board of Directors shall have the power to bid at the foreclosure sales, and if title is obtained, hold, lease, mortgage, and encumber or convey the same.

Foreclosure or attempted foreclosure by the Association of its lien shall not be deemed to preclude the Association from again foreclosing or attempting to foreclose its lien for any other Assessments (or installments thereof) which are not fully paid when due.

The lien of all Assessments created and defined by the Declaration shall be superior to any homestead exemption as is now or may hereafter be provided by Colorado or Federal law. The acceptance of a deed to a Lot subject to the Declaration shall constitute a waiver of the homestead exemption as against such Assessment lien.

Sale or transfer of an interest in any Lot shall not affect the liens for unpaid Assessments.

No Owner may waive or otherwise escape liability for any Assessments by the non-use of the Common Areas or the abandonment of his Lot.

The Association shall upon written request and for a reasonable charge, furnish to an Owner or his first mortgagee, within fourteen (14) business days after demand a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of the Assessments against a Lot is binding upon the Association as of the date of its issuance.

14.4 No Offsets. All Assessments shall be payable in the amounts specified in the levy thereof, and no offsets or reduction thereof shall be permitted for any reason including, without limitation, any claim that the Association or the Board of Directors is not properly exercising its duties and powers under the Declaration.

14.5 Budget. The Board of Directors shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association and estimates of the income of the Association. The proposed annual budget of Common Expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications. In addition to annual operating expenses, the budget shall include adequate reserve accounts for capital expenditures, deferred maintenance, and repair or replacement of those Common Elements that must be replaced on a periodic basis. The budget shall also include proposed assessments against each member, together with an annual total of assessments.

Within thirty (30) days after the adoption of any proposed budget for the Association by the Board of Directors, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting seventy-five percent

(75%) of all Owner voting rights in the Association reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. The Board of Directors shall adopt a budget and submit the budget to a vote of the Owners as provided herein no less frequently than annually. The Board of Directors shall levy, and assess the Association's annual assessments in accordance with the annual budget.

14.6 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise established by the Board.

ARTICLE XV
Severability and Conformity to State Law

These Bylaws are to be governed by and construed according to the laws of the State of Colorado. If it should appear that any of the provisions hereof are in conflict with the Declaration or any rule of law or statutory provision of the State of Colorado, then such provisions of these Bylaws shall be deemed inoperative and null and void insofar as they may be in conflict therewith, and shall be deemed modified to conform to the Declaration or such rule of law.

ARTICLE XVI
Miscellaneous

16.1 Definitions. The capitalized terms used in these Bylaws shall have the same meaning as the identical terms defined in the Declaration, unless the context otherwise requires.