

BYLAWS
OF
ALCOVE HOMEOWNERS ASSOCIATION, INC.

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**ARTICLE 1
GENERAL**

1.1 Purpose of Bylaws. These Bylaws of Alcove Homeowners Association, Inc. (these “**Bylaws**”), are adopted for the regulation and management of the affairs of Alcove Homeowners Association, Inc., a Colorado nonprofit corporation (the “**Association**”). The Association is organized as a Colorado nonprofit corporation under the Colorado Revised Nonprofit Corporation Act, Section 7-121-101, C.R.S., *et seq.* (the “**Nonprofit Act**”), and it is the “Association” to which the Declaration of Covenants, Conditions, Restrictions and Restrictions for Alcove, a Town Home Planned Community, recorded in the real property records of the Clerk and Recorder for Summit County, Colorado (as may be amended from time to time, the “**Declaration**”) refers.

1.2 Terms Defined in the Declaration. Initially capitalized terms used but not defined in these Bylaws are defined in the Declaration and have the same definition as in the Declaration.

1.3 Controlling Laws and Instruments. These Bylaws are controlled by the provisions of the Nonprofit Act, CCIOA, the Declaration, the Maps and the Articles, as any of them may be amended from time to time. The Declaration, the Maps, the Articles, these Bylaws and the Rules, together with any exhibits or attachments thereto, are hereinafter collectively referred to as the “**Planned Community Instruments.**”

**ARTICLE 2
OFFICES**

2.1 Principal Office. The Board, in its discretion, may fix and may change the location of the principal office of the Association from time to time.

2.2 Registered Office and Agent. The Board may change the Association’s initial registered office and initial registered agent specified in the Articles at any time by filing a statement as specified by law in the Office of the Secretary of State of Colorado. At all times, the street addresses of the Association’s registered office and the business office of the Association’s registered agent must be identical.

**ARTICLE 3
MEMBERS AND VOTING RIGHTS**

3.1 General. By this reference, these Bylaws incorporate the membership and voting provisions of the Declaration. Each Owner is a member of the Association (a “**Member**”). An Owner’s membership in the Association is hereinafter referred to as a “**Membership.**” Each Membership is appurtenant to the Owner’s Lot. An Owner is automatically the holder of the

Membership appurtenant to the Owner's Lot, and the Membership automatically passes with such Owner's Lot.

3.2 Authorized Representative. Any Owner that is not a natural person (i.e., an estate or a trust, corporation, partnership, limited liability company or other entity) must appoint a natural person as such Owner's attorney-in-fact and authorized representative (each, an "**Authorized Representative**") and may vote only through its Authorized Representative(s). If a Lot is held by more than one individual and/or entity, such Owners must appoint an Authorized Representative and may vote only through their Authorized Representative. Any Owner who is a natural person may appoint a proxy to vote on behalf of the Owner in matters coming before the Members of the Association, provided that if such proxy is not a natural person, such proxy must appoint an Authorized Representative pursuant to this Section 3.2. Any Owner required to appoint an Authorized Representative must do so immediately upon becoming an Owner. Any Owner who is required or elects to appoint an Authorized Representative must notify the Association in writing of its Authorized Representative or any subsequent replacement for its Authorized Representative within 10 days after appointment. The notice must (a) be signed by all Persons constituting the Owner; (b) be dated; and (c) contain a statement that the natural person named as the Authorized Representative in the notice will remain the Authorized Representative of that Owner until a subsequent notice is given to the Association (i) appointing replacement Authorized Representative; or (ii) in the case of an Authorized Representative appointed by an Owner who is a natural person, terminating the appointment of the Authorized Representative. The notice will have the effect of a proxy given by all Persons constituting that Owner to the Authorized Representative named in the notice for all purposes under the Planned Community Instruments, CCIOA and the Nonprofit Act, except that the duration of the notice will be perpetual or as stated therein. The appointment of an Authorized Representative is binding upon all Persons comprising the appointing Owner, and the vote of the Authorized Representative is conclusive as to the Association, unless and until the Association receives (A) a notice appointing a replacement Authorized Representative; or (B) in the case of an Authorized Representative appointed by an Owner who is a natural person, a notice terminating the appointment of the Authorized Representative. Upon receiving any notice appointing an Authorized Representative, the Association may request additional evidence of authority that it reasonably deems necessary to verify the due appointment of the named Authorized Representative. If an Owner who is required or elects to appoint an Authorized Representative owns more than one Lot, the Owner may appoint a single natural person to serve as Authorized Representative for all of its Lots, or a different natural person to serve as Authorized Representative for each of its Lots or any number of its Lots. Unless the context clearly indicates otherwise, the term "Member" as used in these Bylaws means a Member or its Authorized Representative.

3.3 Transfer of Memberships on Association Books. Transfers of Memberships will be made on the Association's books only upon presentation of evidence, satisfactory to the Board, of the transfer of ownership of the Lot to which the Membership is appurtenant.

3.4 Resignation of Members. No Member may resign from the Association. An Owner's Membership in the Association will terminate only upon the conveyance by such Member of all of such ownership interests in any and all Lots within the Property.

3.5 Membership Termination; Member Sanctions. No Member may be expelled from the Association, and no Member's Membership may be terminated as long as such Member is an Owner. Notwithstanding the foregoing, if any Member fails to comply with any provision of the Planned Community Instruments or the Rules, the Association may impose such enforcement sanctions, including monetary sanctions, as are provided for in the Declaration.

3.6 Purchase of Memberships by Association. The Association may not purchase the Membership of any Member, but may acquire such Membership through foreclosure or similar action with respect to such Member's Lot.

3.7 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any Member to vote or as to the results of any vote of the Members, the Board will act as arbitrators; and the decision of a disinterested majority of the Board will, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as the same may be amended. No dispute as to the entitlement of any Member to vote will postpone or delay any vote for which a meeting of the Members has been duly called pursuant to the provisions of these Bylaws if a quorum is present at such meeting.

ARTICLE 4

MEETINGS OF MEMBERS

4.1 Place of Members' Meetings. Meetings of the Members will be held at the principal office of the Association or at another place in the continental United States specified in the notice of the meeting.

4.2 Annual Meetings of Members. The first annual meeting of the Members will be held within one year after the date of the adoption of these Bylaws. Annual meetings of the Members will be held each year at the date and time of day fixed in accordance with a resolution of the Board and specified in the notice of meeting. The annual meetings will be held for the purpose of electing Directors and for the transaction of any other business that properly comes before the meeting, and may include Member education as required by Section 209.7 of CCIOA.

4.3 Special Meetings of Members. Special meetings of the Members may be called by the Board, by the President of the Association, or by the Members holding not less than 25% of the total votes in the Association. Subject to any limitations under Colorado law, the types of business that may be transacted at a special meeting of the Members will not be limited to business within the purpose or purposes described in the notice of such meeting.

4.4 Record Date. For the purpose of determining the Members entitled to notice of, or to vote at, any meeting of the Members, or for the purpose of determining such Members for any other proper purpose, the Board may fix in advance a future date as the record date for any determination of the Members. The record date may not be more than 70 days prior to the meeting of the Members or the event requiring a determination of the Members.

4.5 Notice of Members' Meetings. Written notice of any meeting of the Members will be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by first class or registered mail to each Member entitled to vote at the meeting.

The notice must also be physically posted in a conspicuous place and posted electronically and sent by electronic mail to Members who have provided an electronic mail address to the Association and requested electronic notice, to the extent that either is feasible and practical. The notice of any meeting will state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes and any proposal to remove a member of the Board. If mailed, the notice will be deemed to be delivered five business days after it is deposited in the United States mail, first-class postage prepaid, addressed to the Member at the mailing address for the Member appearing in the Association's records, or if the Member has not furnished a mailing address to the Association, then to the mailing address of the Lot to which the Member's ownership interest relates.

4.6 Proxies.

(a) In addition to the appointment of an Authorized Representative pursuant to Section 3.2 of these Bylaws, a Member that is entitled to vote may vote in person or by proxy if the proxy is executed in writing by the Member and delivered to the secretary of the meeting prior to the time the proxy is exercised. A Member may appoint a proxy by signing an appointment form, either personally or by the Member's attorney-in-fact, or by transmitting, or authorizing the transmission of, by electronic means, a written statement of the appointment of the proxy (or other person duly authorized by the proxy to serve as agent for the proxy) to the Association, except that the transmitted appointment must set forth or be transmitted with written evidence from which it can be determined that the Member transmitted or authorized the transmission of the appointment.

(b) A proxy may be revoked by a written revocation filed with any officer of the Association at the meeting prior to the time the proxy is exercised or by voting in person. A proxy automatically ceases upon a change in the ownership of the Membership on the Association's books. No proxy is valid after 11 months from the date of its execution unless otherwise provided in the proxy appointment form.

(c) Any form of proxy or written ballot furnished or solicited by the Association will afford an opportunity for the Members to specify on the form a choice between approval and disapproval of each matter or group of related matters which is known, at the time the form of proxy or written ballot is prepared, may come before the meeting and will provide, subject to reasonably specified conditions, that if a Member specifies a choice with respect to any matter, the vote will be cast in accordance with the Member's choice.

4.7 Quorum at Members' Meeting. The presence at a meeting of the Members, in person or by proxy, of Members entitled to cast at least 25% of the votes in the Association that may be cast on a matter that comes before the meeting constitutes a quorum at any meeting of the Members concerning that matter. The Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding that some of the Members withdraw, leaving less than a quorum.

4.8 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is

present in person or by proxy, without notice other than announcement at the meeting for a total period or periods of not to exceed 60 days after the date set for the original meeting. At any adjourned meeting held without notice other than announcement at the meeting, the quorum requirement may not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called. Notwithstanding the foregoing, if the adjourned meeting is set for a date that is more than 70 days after the record date initially fixed for the meeting pursuant to Section 4.4 of these Bylaws, then notice of the adjourned meeting (pursuant to Section 4.5 of these Bylaws) must be given to the Members of record as of the new record date fixed for such adjourned meeting pursuant to Section 4.4 of these Bylaws.

4.9 Vote Required at Members' Meetings. At any meeting of the Members called and held in accordance with these Bylaws, if a quorum is present, a majority (*i.e.*, more than 50%) of the votes allocated to the Lots, as determined in accordance with the Declaration, pursuant to the affirmative vote of Members entitled to cast a vote and who are present and voting either in person or by proxy, which may be cast on a matter in accordance with the Declaration, the Articles or these Bylaws, is necessary to adopt the matter, unless a different percentage is required by law or the Planned Community Instruments, in which case the different requirement controls. There will be no cumulative voting for Directors or for any other action considered by the Members. Upon the request of one or more Members, a vote on any matter for which all Members are entitled to vote will be by secret ballot, which will be counted by a neutral third party, and the results of the vote will be reported without reference to names, addresses, or other identifying information. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in accordance with Section 310(2) of CCIOA if the person tabulating votes, acting in good faith, has reasonable basis to doubt the validity of the signature on it or about the signatory's authority to sign for the Member.

4.10 Officers of Meetings. At any meeting of the Members, the President of the Association will act as chairman. In the President's absence, the Vice-President or any other individual the President appoints will act as chairman.

4.11 Expenses of Meetings. The Association will bear the expenses of all annual and special meetings of the Members.

4.12 Waiver of Notice. A waiver of notice of any meeting of the Members, signed by a Member, whether before or after the meeting, is equivalent to giving notice of the meeting to the Member. Attendance of a Member at a meeting, either in person or by proxy, constitutes waiver of notice of the meeting except when the Member attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.13 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 written consent setting forth the action taken is signed by all of the Members, including the Authorized Representative as to multiple Owners of a single Lot, entitled to vote on the subject matter of the action. In order for any action taken without a meeting to be effective, the written consent of all Members entitled to vote on the subject matter of the action must be received by the Association

within 60 days after the earliest date upon which the Association received any such written consent. Action taken without a meeting will be effective when the last written consent necessary to effect the action is received by the Association (the “**Effective Date**”), unless the written consents set forth a different Effective Date. Any Member submitting a written consent under this Section 4.13 may revoke such consent by a writing signed and dated by the Member describing the action and stating that the Member’s prior consent thereto is revoked, provided that such writing is received by the Association before the Effective Date. The record date for determining Members entitled to take action without a meeting or to receive notice of such action will be the date that the first written consent concerning the action is received by the Association.

4.14 Action by Mail Ballot. Any action required to be taken or which may be taken at a meeting of the Members may be taken by mail ballot without a meeting to the extent permitted by Section 7-127-109 of the Nonprofit Act. In order for an action taken by mail ballot to be effective: (a) the Association must have delivered a written ballot to every Member entitled to vote on the subject matter of the action; (b) the number of votes cast by ballot must have satisfied the quorum requirement set forth in Section 4.7 of these Bylaws; (c) the number of approvals must have satisfied the affirmative vote requirement set forth in Section 4.9 of these Bylaws; and (d) all ballots and ballot solicitations must have satisfied the specific requirements therefor as set forth in Section 7-127-109 of the Nonprofit Act. The written ballot will be deemed delivered five business days after it is deposited in the United States mail, first-class postage prepaid, addressed to the Member at the mailing address for the Member appearing in the Association’s records, or if the Member has not furnished a mailing address to the Association, then to the mailing address of the Lot to which the Member’s ownership interest relates.

4.15 Meetings by Telecommunication. Any or all of the Members may participate in an annual, regular, or special 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.

4.16 Conduct of Meetings of the Members. The provisions of this Article 4 constitute the Association’s responsible governance policy regarding the conduct of meetings of the Members as required under Section 209.5(1)(b)(III) of CCIOA.

ARTICLE 5

BOARD OF DIRECTORS

5.1 General Powers and Duties of Board. The Board has the duty to manage and supervise the affairs of the Association and has all powers necessary or desirable to permit it to do so. Without limiting the generality of the previous sentence, the Board has the power to exercise or cause to be exercised for the Association, all of the powers, rights, and authority of the Association not reserved to the Owners or the Declarant in the Planned Community Instruments or the Nonprofit Act. Subject to Section 5.10, the Board may delegate any portion of its authority to an officer or manager of the Association. In addition, the Board may not act on behalf of the Association to amend the Declaration, to terminate the Community, or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of Directors, but the

Board may fill vacancies in its membership for the unexpired portion of any term to the extent provided in Section 5.9 below.

5.2 General Standards of Conduct for Directors and Officers. To the extent not otherwise inconsistent with Colorado law, any Director or officer, in connection with the authority and powers granted to the Board or such officer by the Planned Community Instruments or by any applicable law, including but not limited to, management, personnel, maintenance and operations, interpretation and enforcement of the Planned Community Instruments, the development of Rules, insurance, contracts, and finance, must act in good faith, with such care as an ordinarily prudent person in a like position would use under similar circumstances, and in a manner that such Director or officer believes is in the best interests of the Association. In discharging his or her duties, a Director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by: (a) one or more officers or employees of the Association whom the Director or officer believes to be reliable and competent in the matters presented; or (b) legal counsel, public accountants or other persons as to matters which the Director or officer believes to be within such person's professional or expert competence, so long as, in any such case, the Director or officer acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted. In addition to the limitations on liability set forth in the Articles, a Director or officer will not be liable as such to the Association for any act or omission as such if, in connection with such act or omission, the Director or officer performed the duties of his or her position in compliance with this Section 5.2. A Director or officer will not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

5.3 Qualification of Directors. Each Director must be a natural person who is 18 years of age or older and, other than the Directors appointed by Declarant, must be an Owner or a designee of an Owner. Each Owner will be permitted to have more than one designee for the purposes of this Section 5.3. The Board will appoint members of all Association committees in accordance with Section 7-128-206 of the Nonprofit Act, and any person appointed to preside over a committee must meet the same qualifications as those set forth in this Section 5.3 for a Director.

5.4 Number and Term of Directors. Except as provided below, the Board will consist of three (3) Directors. The total number of Directors and the manner in which they are elected may be amended only by the vote of Owners to which at least 67% of the votes in the Association are allocated and, during the Declarant Control Period, the Declarant. The term of each Director will be three years, provided that the initial term of office for Directors will be staggered, with one Director serving a one year term, one Director serving a two year term, and one Director serving a three year term. Each Director will serve until the earlier of the appointment and qualification of his or her successor, or his or her death, resignation or removal.

5.5 Appointment of Directors During the Declarant Control Period. Notwithstanding any other provision contained herein:

(a) Subject to the limitations set forth in Sections 5.5(b) and 5.5(c), during the Declarant Control Period, all Directors will be appointed by Declarant. All

Directors appointed by Declarant during the Declarant Control Period will be subject to removal at any time and from time to time by Declarant in its sole and absolute discretion.

(b) Not later than 60 days after conveyance to Owners other than Declarant of 25% of the maximum number of Units that may be created under the Declaration, at least one Director and not less than 25% of the Directors must be elected by Members other than Declarant. Not later than 60 days after conveyance to Owners other than Declarant of 50% of the maximum number of Units that may be created under the Declaration, not less than 33.3% of the Residential Directors must be elected by Members other than Declarant.

(c) Not later than the termination of the Declarant Control Period, all Directors must be elected by the Members.

5.6 Election of Directors after Termination of Declarant Control Period. After the termination of the Declarant Control Period, all Directors will be elected solely by the Members. Only Members entitled to participate in an election for a particular Director position may nominate candidates for such Director position. In any election, the candidate receiving the most votes regardless of whether a majority of the votes were cast, will be the winning candidate. There will be no cumulative voting for Directors. All contested elections for Directors will be conducted by secret ballot. To the extent that any group of Members elects a Director during the Declarant Control Period (as opposed to that Director being appointed by Declarant), the foregoing provisions will apply to the election of that Director.

5.7 Removal of Directors. At any meeting of the Members called and held in accordance with these Bylaws at which a quorum is present, any Director may be removed, with or without cause, by the affirmative vote of Members entitled to cast 67% of the votes, present and voting either in person or by proxy, which may be cast in the election of that Director. Notwithstanding the foregoing, only Declarant may remove a Director appointed by Declarant in accordance with Section 5.5(a). Notwithstanding the foregoing, only Declarant may remove a Director appointed by Declarant in accordance with Section **Error! Reference source not found..**

5.8 Resignation of Directors. Any Director may resign at any time by giving written notice to the Board stating the effective date of his or her resignation. Acceptance of a resignation is not necessary to make the resignation effective.

5.9 Vacancies in Directors. Any vacancy occurring in the position of a Director (other than vacancies occurring as a result of the expiration of the Director's term of office) may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors; provided, however, that only Declarant may fill a vacancy in any Director position that Declarant is otherwise entitled to fill through appointment pursuant to Section 5.5(a). The term of any Director elected pursuant to this Section 5.9 will be coincident with the term of the replaced Director.

5.10 Manager or Management Company.

(a) The Board, by resolution adopted by a majority of the Directors in office, subject to compliance with the terms of the Declaration, may employ for the

Association a management company to perform all or any part of the duties of the Association as the Board will authorize; provided, however, that the Board in delegating such duties will not be relieved of its responsibility under the Declaration, CCIOA or the Nonprofit Act. The management company may be Declarant or an affiliate of Declarant. The rights, duties, obligations and compensation of the management company will be set forth in a written agreement to be executed by the Association and the management company.

(b) If those duties specified in the resolution delegating to the management company any power relating to the collection, deposit, transfer or disbursement of Association funds, then such management company must (i) maintain fidelity insurance coverage or a bond in an amount not less than \$50,000, or such higher amount as the Board may require; (ii) maintain all Association funds and accounts separate from the funds and accounts of other associations managed by such management company, and maintain all reserve accounts of such other associations separate from the operational accounts of the Association; and (iii) prepare and provide to the Association an annual accounting and financial statement for the Association funds, which accounting and financial statement may be prepared by the management company, a public accountant, or a certified public accountant.

5.11 Conflict of Interest Policy. In accordance with Section 209.5(1)(b)(II) of CCIOA, the following provisions constitute the Association's conflict of interest policy:

(a) The following constitute circumstances under which a conflict of interest exists in accordance with Section 209.5(4)(a)(I) of CCIOA:

(i) Any loan is made by the Association to one or more Directors or officers (a "**Director Loan Transaction**").

(ii) Any contract, transaction, business or other financial relationship is entered into between the Association and a Director, or between the Association and a party related to a Director, or between the Association and an entity in which a Director is a director or officer or has a financial interest (a "**Director Business Transaction**").

(b) The following constitute the procedures to be followed in the event of a conflict of interest in accordance with Section 209.5(4)(a)(II) of CCIOA:

(i) Director Loans are prohibited. Any Director Loan granted in contravention of this provision shall be repaid immediately or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association.

(ii) No Director Business Transaction will be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by a Member or by or in the right of the Association, solely because the Director Business Transaction involves a Director or a party related to a Director or an entity in which a Director is a director or officer or has a financial

interest or solely because the Director is present at or participates in the meeting of the Board that authorizes, approves, or ratifies the Director Business Transaction or solely because the Director's vote is counted for such purpose if: (i) the material facts as to the Director's relationship or interest and as to the Director Business Transaction are disclosed or are known to the Board, and the Board in good faith authorizes, approves, or ratifies the Director Business Transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors are less than a quorum; or (ii) the material facts as to the Director's relationship or interest and as to the Director Business Transaction are disclosed or are known to the Members entitled to vote thereon, and the Director Business Transaction is specifically authorized, approved, or ratified in good faith by a vote of the Members entitled to vote thereon; or (iii) the Director Business Transaction is fair as to the Association. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Director Business Transaction.

(c) The Association shall periodically review the foregoing conflict of interest policy in accordance with Section 209.5(4)(a)(III) of CCIOA.

5.12 Director Access to Information. In accordance with CCIOA, notwithstanding anything to the contrary in the Planned Community Instruments, all Directors must have available to them all information related to the responsibilities and operation of the Association obtained by any other Director. This information includes, but is not limited to, reports of detailed monthly expenditures, contracts to which the Association is a party, and copies of communications, reports, and opinions to and from any Director or any management company, attorney, or accountant employed or engaged by the Board to whom the Board delegates responsibilities in accordance with the Planned Community Instruments.

ARTICLE 6

MEETINGS OF DIRECTORS

6.1 Place of Directors' Meetings. Meetings of the Board will be held at the principal office of the Association or at another place in the United States specified in the notice of the meeting.

6.2 Annual Meeting of Directors. Annual meetings of the Board will be held on the same date as, or within 10 days following, the annual meeting of the Members. The business conducted at the annual meeting of the Board will consist of the appointment of officers of the Association and the transaction of other business that properly comes before the meeting. No prior notice of the annual meeting of the Board is necessary if the meeting is held on the same day and at the same place as the annual meeting of the Members or if the time and place of the annual meeting of the Board is announced at such annual meeting of the Members.

6.3 Special Meetings of Directors. Special meetings of the Board may be called by the President or a majority of the Directors.

6.4 Notice of Directors' Meetings. When notice is required for any meeting of the Board, notice stating the place, date, and hour of the meeting will be delivered not less than two nor more than 50 days before the date of the meeting, by mail, electronic mail, facsimile, telephone or personally, by or at the direction of the persons calling the meeting, to each Director. If mailed, the notice will be deemed delivered five business days after it is deposited in the mail addressed to the Director at his or her home or business address as either appears in the records of the Association, with its first-class postage prepaid. If by electronic mail, the notice will be deemed delivered when emailed to Director at his or her personal or business email address as either appears on the records of the Association. If by facsimile, the notice will be deemed delivered when facsimiled to the Director at his or her home or business facsimile number as either appears on the records of the Association. If by telephone, the notice will be deemed delivered when given by telephone to the Director or to any person answering the telephone who sounds competent and mature at the Director's home or business phone number as either appears on the records of the Association. If given personally, the notice will be deemed delivered upon delivery of a copy of a written notice to, or upon verbally advising, the Director or some person who appears competent and mature at the Director's home or business address as either appears on the records of the Association. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

6.5 Proxies. For purposes of determining a quorum of Directors with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a Director may be deemed to be present at a meeting and to vote if the Director has granted a signed written proxy to another Director who is present at the meeting, authorizing the other Director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy.

6.6 Quorum of Directors. A majority of the number of Directors fixed in these Bylaws constitutes a quorum for the transaction of business.

6.7 Adjournment of Director's Meetings. The Directors present at any meeting of the Board may adjourn the meeting from time to time, whether or not a quorum is present, for a total period or periods not to exceed 30 days after the date set for the original meeting. Notice of an adjourned meeting will be given to all Directors. At any adjourned meeting, the quorum requirement will not be reduced or changed, but if the originally required quorum is present, any business may be transacted which may have been transacted at the meeting as originally called.

6.8 Vote Required at Directors' Meeting. At any meeting of the Board, if a quorum is present either in person or by proxy, the affirmative vote of a majority (*i.e.*, more than 50%) of the Directors present is necessary, either in person or by proxy, for the adoption of a matter, unless a greater proportion is required by law or the Planned Community Instruments.

6.9 Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, is equivalent to giving notice of the meeting to the Director. Attendance of a Director at a meeting in person constitutes waiver of notice of the meeting, except when the Director attends for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or conveyed.

6.10 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of the Board may be taken without a meeting if all of the Directors agree in writing to such action. Such action taken without a meeting will not be effective unless and until all such writings necessary to effect the action, which have not been revoked as provided herein below, are received by the Association; except that the writings may set forth a different effective date. Any Director who has signed and submitted a writing pursuant to this Section 6.10 may revoke such writing by a subsequent writing signed and dated by the Director describing the action and stating that the Director's prior vote with respect thereto is revoked, if such writing is received by the Association before the last writing necessary to effect the action is received by the Association.

6.11 Meeting Attendance; Open Meetings; Executive Sessions.

(a) The Board may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all persons participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

(b) Subject to Section 6.11(c) below, all regular and special meetings of the Board will be open to attendance by all Members of the Association or their representatives. Agendas for meetings of the Board will be made reasonably available for examination by all Members of the Association or their representatives.

(c) The Board may hold an executive or closed door session and may restrict attendance to Directors and such other persons requested by the Board during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session will be limited to: (i) matters pertaining to employees of the Association or the management company's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association; (ii) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client; (iii) investigative proceedings concerning possible or actual criminal misconduct; (iv) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; (v) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy, including a disciplinary hearing regarding an Owner and any referral of delinquency (except that an Owner who is the subject of a disciplinary hearing or a referral of delinquency may request and receive the results of any vote taken at the relevant meeting); or (vi) review of or discussion relating to any written or oral communication from legal counsel. No Rule will be adopted during an executive session.

6.12 Conduct of Board Meetings. This Article 6 constitutes the Association's responsible governance policy regarding the conduct of meetings of the Board, as required by Section 209.5(1)(b)(III) of CCIOA.

ARTICLE 7

OFFICERS

7.1 Officers, Employees, and Agents. The officers of the Association will consist of a President, one or more Vice-Presidents, a Secretary, a Treasurer, and other officers, assistant officers, employees, and agents as the Board deems necessary. Any two or more offices may be held by the same person, except that no one person may simultaneously hold the positions of President and Secretary.

7.2 Appointment and Term of Office of Officers. During the Declarant Control Period, all officers will be appointed by Declarant. Upon and after termination of the Declarant Control Period, each officer will be appointed by the Board at its annual meeting and will hold office, subject to the pleasure of the Board, until the next annual meeting of the Board or until the officer's successor is appointed, whichever is later, unless the officer resigns, or is removed earlier.

7.3 Removal of Officers. All officers appointed by Declarant will be subject to removal at any time and from time to time by Declarant in its sole and absolute discretion. Any officer, employee or agent appointed by the Board may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served by the removal. The removal of an officer, employee or agent will be without prejudice to the contract rights, if any, of the officer, employee or agent removed. Election or appointment of an officer, employee or agent does not itself create contract rights.

7.4 Resignation of Officers. Any officer may resign at any time by giving written notice to Declarant, if during the Declarant Control Period, or to the Board, at all other times, stating the effective date of his or her resignation. Acceptance of the resignation is not necessary to make the resignation effective.

7.5 Vacancies in Officers. Any vacancy occurring in any officer's position may be filled by appointment of a new officer by Declarant, if during the Declarant Control Period, or by the Board, at all other times. An officer appointed to fill a vacancy will be appointed for the unexpired term of his or her predecessor in office.

7.6 President. The President will be the principal executive officer of the Association and, subject to the control of the Board, will direct, supervise, coordinate and have general powers generally attributable to the chief executive officer of a corporation. The President will preside at all meetings of the Board and of the Members.

7.7 Vice-President. A Vice-President may act in place of the President in case of the President's death, absence or inability to act, and will perform other duties and have authority as is from time to time delegated by the Board or by the President. The Board may appoint more than one Vice-President.

7.8 Secretary. The Secretary will be the custodian of the records and the seal of the Association, if any, and will affix the seal, if any, to all documents requiring it; will see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law, and that the books, reports, other documents, and all records required to be kept by the Association under Section 8.3 of these Bylaws are properly kept and filed; will take or cause to be

taken and will keep minutes of the meetings of the Members and of the Board; will keep at the principal office of the Association a record of the names and addresses of the Members and the Authorized Representative(s), if any, of each Member; and, in general, will perform all duties incident to the office of Secretary and other duties as may, from time to time, be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Secretaries who may act in place of the Secretary in case of the Secretary's death, absence or inability to act.

7.9 Treasurer. The Treasurer will have charge and custody of, and be responsible for, all funds and securities of the Association in depositories designated by the Board; will keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and will submit reports of them as the Board requires from time to time; and, in general, will perform all the duties incident to the office of Treasurer and other duties as may from time to time be assigned to him or her by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer in case of the Treasurer's death, absence or inability to act.

7.10 Authority of Officers to Amend Declaration. On behalf of the Association, the President and, in the President's absence or unavailability, any Vice-President, may prepare, execute, certify, and record any amendments to the Declaration properly approved pursuant to the terms of the Declaration.

ARTICLE 8

MISCELLANEOUS

8.1 Amendment of Bylaws. Except as otherwise provided by the Nonprofit Act, the Board may alter, amend or repeal these Bylaws or adopt new Bylaws, subject to the limitations on amendments set forth in this Section 8.1 or elsewhere in the Planned Community Instruments. The Bylaws may contain any provision for the regulation or management of the affairs of the Association not inconsistent with the Declaration, the Articles, CCIOA or the Nonprofit Act. The Members may also amend the Bylaws, subject to the same limitations on amendments set forth in this Section 8.1 and any other limitations set forth in the Nonprofit Act, CCIOA or elsewhere in the Planned Community Instruments. Notwithstanding the foregoing, the total number of Directors may not be amended except as provided in Section 5.4 of these Bylaws.

8.2 Compensation of Officers, Directors, and Members. No Director or officer may receive any compensation from the Association for serving as a Director or officer except for reimbursement of expenses approved by resolution of disinterested Directors. Agents and employees of the Association will receive reasonable compensation, if any, approved by the Board. Appointment of a person as an agent or employee will not, itself, create any right to compensation.

8.3 Books and Records. The Association will keep correct and complete books and records of account and will keep, at its principal office, a record of the names and addresses of its Members (including Declarant) and copies of the Declaration, the Articles, these Bylaws and any Rules which may be copied by any Member at reasonable cost. All books and records will be kept using generally accepted accounting principles. All books and records of the Association, including the Articles and these Bylaws, as amended, and minutes of meetings of the Members and the Board, may be inspected and copied by any Member or such Member's agent or

attorney; provided, that the Association may withhold records from inspection and copying in accordance with Section 317(3) of CCIOA and shall withhold from inspection and copying the records described in Section 317(3.5) of CCIOA. The right of inspection and copying will be subject to any reasonable rules adopted by the Board, provided, however, that the books and records must be available during normal business hours, upon five business days' notice if the request describes with reasonable particularity the records sought. Without consent of the Board, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to an Owner's interest as an Owner, nor (i) used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the association, (ii) used for any commercial purpose; or (iii) sold to or purchased by any person. The Association may charge a reasonable fee, which may be collected in advance and shall not exceed the estimated cost of production and reproduction of the records (including the costs of copying, mailing and any necessary special processing), for copies of Association records. The provisions of this Section 8.3 constitute the Association's responsible governance policy regarding the inspection and copying of Association records by Members as required by Section 209.5(1)(b)(V) of CCIOA.

8.4 Annual Report. Within 90 days after the expiration of the Declarant Control Period and within 90 days after the close of each fiscal year of the Association thereafter, the Board shall cause to be made available to each Member, upon reasonable notice to the Association by a Member, an annual report of the Association containing (a) an income statement reflecting income and expenditures of the Association for such fiscal year; (b) a balance sheet as of the end of such fiscal year; (c) a statement of the place of the principal office of the Association where the books and records of the Association, including a list of names and addresses of current Members, may be found; and (d) all information and copies of corporate records required under Section 209.4 of CCIOA. In addition, the materials provided to each Member may include written educational material the Board deems appropriate to satisfy the requirements of Section 209.7 of CCIOA, to the extent such education is not conducted in person. Any or all of the items specified above may be distributed to Owners, by posting on a website accompanied by written notice of the website address via U.S. mail or e-mail, by maintaining a literature table or binder at the Association's principal place of business, by emailing such information, or by hand-delivering such information.

8.5 Annual Registration. The Board will cause the Association to register annually with the director of real estate in accordance with the requirements set forth in Section 401 of CCIOA.

8.6 Audit. At the discretion of the Board, or if required pursuant to Section 303(4)(b)(II) of CCIOA, the Association's books and records will subject to an audit using generally accepted accounting principles. If the Association's books and records are audited, then any report resulting from such audit will be included with the materials provided to Members under Section 8.4.

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

8.8 Fiscal Year. The fiscal year for the Association will end at midnight on December 31.

8.9 Seal. The Board may, but is not required to, adopt a seal on which is inscribed the name of the Association and the words “SEAL” and “COLORADO.”

8.10 Shares of Stock and Dividends Prohibited. The Association may not have or issue shares of stock, and may not pay any dividend or distribute any part of the Association’s income or profit to its Members, Board, or officers. Notwithstanding the foregoing, the Association may issue certificates evidencing Membership, may confer benefits upon its Members conforming with its purposes, and, upon dissolution or final liquidation, may make distributions as permitted by law. No such payment, benefit, or distribution will be deemed to be a dividend or distribution of income or profit.

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

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