

RESTATED AND AMENDED BYLAWS
OF
ALQUEZAR HOMEOWNER'S ASSOCIATION

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AMENDED AND RESTATED BYLAWS
OF
ALQUEZAR HOMEOWNER'S ASSOCIATION

RECITALS

A. Alquezar Homeowner's Association (the "Association") is a Colorado nonprofit corporation which was formed: (i) to provide for the care, upkeep and supervision of the residential project known as Alquezar Villas located in Eagle County, Colorado (the "Project") described in a declaration and plats for the project that have been recorded in the Eagle County, Colorado, real estate records, which declaration and plats are expected to be modified by an Amended and Restated Declaration for the Project that will be recorded in the Eagle County, Colorado, real estate records (such declaration and plats as modified by such amended and restated declaration, together with all amendments and supplements thereto filed from time to time, shall be hereinafter collectively referred to as the "Declaration"), in accordance with the provisions of the Declaration, the articles of incorporation of the Association as the same may be amended from time to time (the "Articles"), these Bylaws as the same may be amended from time to time (the "Bylaws") and all rules and regulations adopted by the Association from time to time (the "Rules"); (ii) to regulate and control the relationships among the owners ("Owners") of parcels of real property in the Project ("Parcels") in connection with their ownership of the Parcels; and (iii) to promote the best interests of the Owners for the purpose of securing for them the fullest utilization and enjoyment of the Project.

B. The Association has been operating under bylaws which were adopted before the Association elected to be governed by the law governing condominiums called the Colorado Common Interest Ownership Act (Article 33.3 of Title 38 of the Colorado Revised Statutes), as the same may be amended from time to time ("CCIOA"); and before the corporate law called the Colorado Revised Nonprofit Corporation Act (Articles 121 through 137 of Title 7 of the Colorado Revised Statutes), as the same may be amended from time to time (the "Nonprofit Act"), was enacted. These bylaws are intended to update the provisions of the previous Bylaws to comply with CCIOA and the Nonprofit Act and to clarify some of the other provisions contained in the previous bylaws. These bylaws replace all previous Bylaws in their entirety.

ARTICLE 1: OFFICES, REGISTERED AGENT, DEFINITIONS AND ASSENT

Section 1.1 Business Offices. The initial principal office of the Association shall be as stated in the Articles, as amended. The Association may at any time and from time to time change the location of its principal office. The Association may have such other offices, either within or outside Colorado, as the board of directors may designate or as the affairs of the Association may require from time to time.

Section 1.2 Registered Agent. The initial registered agent required by the Nonprofit Act shall be as stated in the Articles, as amended. The Association may at any time and from time to time change its registered agent as permitted by the Nonprofit Act.

Section 1.3 Definitions: The definitions contained in the Amended and Restated Declaration of Covenants, Conditions, Restrictions and easements for Alquezar Homeowner's Association, as amended from time to time, and recorded with the Eagle County Clerk and Recorder, shall apply to these Bylaws, and all capitalized terms not otherwise defined in these Bylaws shall have the same meaning as defined terms used in the Declaration or the Act.

Section 1.4 Assent: All present and future Owners, their families, present or future tenants, and their guest and invites, and any other person using the facilities of Alquezar Villas (the "Property") in any manner are subject to the Association Documents, including these Bylaws. The acquisition or rental of any Parcel at Alquezar or the occupancy of any Residence located thereon shall constitute ratification and acceptance of these Bylaws.

ARTICLE 2: MEMBERS

Section 2.1 Determination, Classification and Privileges of Members. Each of the Owners as of the date of the adoption of these Bylaws (the "Current Owners") shall be a member of the Association for so long as each such Owner is the owner of any Parcel at Alquezar. Each natural person or corporation, nonprofit corporation, partnership, limited partnership, limited liability company, limited partnership association, joint venture, trust, nonprofit association, cooperative or other legal entity capable of holding title to real property in Colorado (all of the foregoing shall be referred to herein as a "Person" and any of the foregoing which is not a natural person shall be referred to herein as an "Entity") shall automatically become a member of the Association upon becoming an Owner of a Parcel. Membership shall be continuous throughout the period that such ownership continues and shall be appurtenant to and inseparable from ownership of a Parcel.

Section 2.2 Obligations of Members.

(a) Assessments and Charges. Each member shall pay such member's share of all "Assessments" (as such term is defined in the Declaration) imposed by the Association pursuant to the Declaration. Each member shall pay all "Default Assessments" (as such term is defined in the Declaration) imposed on such member by the Association pursuant to the Declaration. Unpaid Assessments and Default Assessments may result in the imposition of additional amounts and the enforcement of certain rights and remedies by the Association, all as set forth in the Declaration and Section 2.2(c) hereof.

(b) Maintenance and Repair. Every member shall perform or cause to be performed at such member's own expense all maintenance and repair work required of such member pursuant to the Declaration. Each member shall reimburse the Association promptly upon receipt of its statement

for any expenditures incurred by the Association for maintenance and repair costs which are reimbursable to the Association pursuant to the Declaration.

(c) Compliance With Declaration, Articles, Bylaws and Rules. Each member shall comply strictly with all provisions of the Declaration, the Articles, the Bylaws and the Rules. The failure of a member to comply strictly with any of the provisions of the Declaration, the Articles, the Bylaws and the Rules, including non-payment of Assessments or Default Assessments, shall permit the Association to suspend a member's voting rights as described in Section 2.3 hereof and to take any remedies outlined in the Declaration.

(d) Proof of Ownership. Any Person (other than a Current Owner) on becoming an Owner shall furnish to the Association a photocopy of the recorded instrument vesting that Person with an ownership interest in a Parcel and, if that Person is an Entity, that Person shall also designate in writing one or more natural persons who may represent it at meetings and vote on its behalf as required by the Bylaws and the Declaration. Such copy and written designation shall remain in the files of the Association. A member shall not be in good standing and shall not be entitled to vote at any annual or special meeting of members unless these requirements are first satisfied.

(e) Registration of Mailing Address. The registered address of a member or members shall be furnished to the Association within five days after transfer of title to a Parcel, or after a change of address, and such registration shall be in written form and signed by all of the members to which it relates or by such persons as are authorized by law to represent the interest of such members. If a member fails to register such member's mailing address with the Association, the address in the records of the Eagle County Assessor's office for the Parcel shall be deemed to be the address of such member's Parcel. If a Parcel is owned by two or more members, such co-owners shall designate one address as the registered address required by the Declaration. If a member fails to register his address as required in this Section and as a result does not receive a notice provided by the Association pursuant to these Bylaws, the Declaration, The Act or the Rules and Regulations, said member shall not be entitled to assert lack of receipt of receipt of notice for any purpose.

(f) Address of Lienholder. Any member who or which grants a "Security Interest" (as such term is defined in the Declaration) covering such member's Parcel shall notify the Association of the name and address of the "Lienholder" (as such term is defined in the Declaration) of such Security Interest and shall furnish to the Association a photocopy of such Security Interest. The address of such Lienholder shall be utilized by the Association to provide such Lienholder with a copy of notices with respect to such member or such member's Parcel when required by the Declaration.

Section 2.3 Termination, Suspension and Resignation of Membership.

(a) Termination. Membership shall terminate automatically without any Association action whenever a Current Owner or any other Owner ceases to own a Parcel. Termination of membership shall not relieve or release any former member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Parcel or membership in the Association, or impair any

rights or remedies which the Association or others may have against such former member arising out of or in any way connected with such ownership or membership.

(b) Suspension. A member who or which fails to pay any amount of any Assessment or Default Assessment payable under the provisions of the Declaration when due shall be automatically suspended from membership until the unpaid amount is fully paid, at which time such member shall be automatically reinstated. During any period of suspension a member shall not be entitled to exercise the rights and privileges of membership, including without limitation the right to vote. Suspension of membership shall not relieve or release any suspended member from any liability or obligation incurred by virtue of or in any way connected with ownership of a Parcel or membership in the Association, or impair any rights or remedies which the Association or others may have against such suspended member arising out of or in any way connected with such ownership or membership.

(c) Resignation. A member shall not be entitled to resign as a member for any reason so long as such member is the Owner of a Parcel.

Section 2.4 Transfer of Membership. Membership in the Association is not transferable except upon the sale of a Parcel. The Association shall not be entitled to purchase the membership of any member, but, if the Association obtains title to a Parcel as a result of the enforcement of the Association's lien for Assessments as provided in the Declaration, the Association shall become a member of the Association with respect to such Parcel.

Section 2.5 Annual Meeting of Members. An annual meeting of the members shall be held at a time and on a date in each calendar year designated by the board of directors within Colorado, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated for the annual meeting of the members, or at any adjournment thereof, the board of directors shall cause the election to be held at a meeting of the members as soon thereafter as conveniently may be. Failure to hold an annual meeting as required by the Bylaws shall not work a forfeiture or dissolution of the Association or invalidate any action taken by the board of directors or officers of the Association as long as all members of the board are duly elected. If an election of Director(s) was to occur at the annual meeting, no action may be taken by the Board until such an election is held and all Board members duly elected.

Section 2.6 Special Meetings. A special meeting of the members for any purpose or purposes may be called by the president, by a majority of the board of directors or by members having at least 20 percent (20%) of the votes entitled to be cast at such meetings.

Section 2.7 Place of Meeting. Each meeting of the members shall be held at such place, within Colorado, as may be designated in the notice of meeting, or, if no place is designated in the notice, at the principal office of the Association in Colorado. Any or all members may participate in

any meeting through the use of any means of communication by which all persons participating in the meeting may hear each other during the meeting including telephonic conferencing.

Section 2.8 Notice of Meeting. Written notice of any meeting of the members shall be delivered personally or by first class or registered mail to each member entitled to vote at such meeting not less than ten (10) nor more than fifty (50) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered three (3) days after depositing in the United States mail, addressed to the member at such member's address as it appears in the office of the Association, or per Section 2.2(c) herein, with postage thereon prepaid. The notice of any meeting must state the time, date and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or the Bylaws, any changes to any budget adopted by the Association (the "Budget") and any proposal to remove an officer or director of the Association. If the president or secretary receives a request to include a matter a member intends to raise at a meeting of the members from a person(s) entitled to call a special meeting at least 10 days before the Association gives notice of the meeting, the notice of the meeting shall also give notice of the matter the member intends to raise at the meeting. In case of a special meeting, the notice must also state the purpose for which the meeting is called. For the purpose of determining members entitled to notice of or to vote at any meeting of members, the board of directors may set a record date for such determination of members, in accordance with the laws of Colorado. If requested by the person or persons lawfully calling such meetings, the secretary shall give notice thereof at the expense of the Association. Any member may waive notice of any meeting before, at or after such meeting. The attendance in person or by proxy of a member at a meeting shall constitute a waiver of notice of such meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice. A member's attendance at a meeting also waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member objects to considering the matter when it is presented.

Section 2.9 Quorum and Action of the Members. Except as otherwise required by CCIOA, the Declaration, the Nonprofit Act or the Articles, the presence of persons entitled to cast twenty five percent (25%) or more of the total votes of the members shall constitute a quorum. With respect to all matters other than the election of directors, an action is approved if a quorum exists and if the votes cast in favor of the action exceed the votes cast in opposition to the action, unless otherwise required by CCIOA, the Declaration, the Nonprofit Act, the Articles or the Bylaws. In an election of multiple directors, each member shall be entitled to vote the number of votes of such member for each vacancy in the board of directors being voted upon and those candidates having the highest number of votes cast in favor of their election shall be elected to the board of directors. When only one director is being voted upon, the affirmative vote of a majority of the members represented at a meeting at which a quorum is present shall be required for election to the board of directors. If less than a quorum of the members are represented at a meeting, a majority of the members so represented may adjourn the meeting from time to time for a period not to exceed 60 days at any one adjournment without further notice other than an announcement at the meeting. At such adjourned

meeting, at which a quorum shall be represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.10 Voting Rights; Proxies.

(a) Number of Votes and No Cumulative Voting. Each member is entitled to the number of votes specified in the Declaration, which is one vote per Parcel, on each matter submitted to a vote of the members. Cumulative voting shall not be allowed.

(b) Voting by the Association and Multiple Owners. No vote allocated to a Parcel owned by the Association may be cast. If there is only one Owner of a Parcel, such Owner shall be entitled to cast the vote allocated to such Parcel at any meeting of members. If the Owner is an entity the representative thereof entitled to vote must be designated per Section 2.10(c) herein. If there are multiple Owners of a Parcel and only one of such multiple Owners is present at a meeting of the members, such Owner shall be entitled to cast the vote allocated to such Parcel. If there are multiple Owners of a Parcel and more than one of the multiple Owners of such Parcel are present at a meeting of the members, the vote allocated to such Parcel may be cast only in accordance with the agreement of a majority in interest of such Owners as such agreement may be reasonably evidenced to the person presiding over such meeting. It is reasonable evidence of the agreement of a majority in interest of multiple Owners of a Parcel if any one of such Owners casts the vote allocated to such Parcel without protest being made promptly to the person presiding over the meeting of the members by any of the other Owners of such Parcel. If reasonable evidence is not provided to the person presiding over the meeting as to the agreement of the majority in interest of the Owners of a Parcel, and a prompt protest is made by an Owner as to the vote of any other Owner of the Parcel, said Parcel shall not be entitled to a vote at said meeting it being the obligation of the Owners to provide adequate evidence to the person presiding over the meeting as to the agreement of the majority of the Owners of the Parcel.

(c) Representative of Entity. Each member which is an Entity shall from time to time designate in writing to the Association one or more natural persons who may represent it at a meeting and vote on its behalf. Until the Association is notified in writing to the contrary, any action taken by any person(s) designated in writing to represent such member shall be binding upon such member.

(d) Proxies. Votes may be cast in person or by proxy. The vote allocated to a Parcel may be cast pursuant to a proxy duly executed in writing by an Owner or such Owner's attorney-in-fact. Such proxy shall be delivered to the Association before or at the time of the meeting in any manner permitted by Section 7-127-203 of the Nonprofit Act. If a Parcel is owned by more than one person, each Owner may vote or register protest to the casting of the vote allocated to such Parcel by the other Owners of such Parcel through a proxy executed by such Owner or such Owner's attorney-in-fact. Unless it can be determined as to the agreement of the majority of the Owners of the Parcel per Section 2.10(b) as to how the vote should be cast the vote for said Parcel said Parcel's vote shall not be counted. An Owner may not revoke a proxy given pursuant to this Section 2.10(d) except by actual notice of revocation to the person presiding over a meeting. A proxy is void if it is not dated

or purports to be revocable without notice. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy.

(e) Designation of Lienholder. Each member shall have the right irrevocably to constitute and appoint a Lienholder holding a Security Interest encumbering such member's Parcel as such member's true and lawful attorney-in-fact to vote at any and all meetings of the Association and to vest in such Lienholder any and all rights, privileges and powers that such member has under the Articles, the Bylaws or the Declaration. Such proxy shall become effective upon the filing of notice by such Lienholder with the secretary of the Association and the happening of any eventuality contained in such proxy. A release of such Lienholder's Security Interest shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve members of their duties and obligations as Owners of Parcels or to impose upon any Lienholder the duties and obligations of a member.

(f) Voting Agreements. Voting Agreement shall not be permitted.

(g) Membership List. After fixing a record date for a notice of a meeting of the members or for determining the members entitled to take action by written ballot, the Association shall prepare an alphabetical list of the names of all members who are entitled to notice of, and to vote at, the meeting or to participate in such action by written ballot. The list shall show the address of each member entitled to notice of, and to vote at, the meeting or to take such action by written ballot and the number of votes each member is entitled to vote at the meeting or by written ballot. If prepared in connection with a meeting of the members, the membership list shall be available for inspection by any member entitled to vote at the meeting, beginning the earlier of ten days before the meeting for which the list was prepared or two business days after notice of the meeting is given and continuing through the meeting, and any adjournment thereof, at the Association's principal office or at a place identified in the notice of the meeting in the city where the meeting will be held. The Association shall make the membership list available at the meeting, and any member entitled to vote at the meeting is entitled to inspect the list at any time during the meeting or any adjournment. If prepared in connection with action to be taken by the members by written ballot, the membership list shall be available for inspection by any member entitled to cast a vote by such written ballot, beginning on the date that the first written ballot is delivered to the members and continuing through the time when such written ballots must be received by the Association in order to be counted, at the Association's principal office. A member entitled to vote at the meeting or by such written ballot is entitled upon written demand to inspect and, subject to the requirements of Section 6.6(b) hereof and the provisions of Sections 6.6(d) and (e) hereof, to copy the list, during regular business hours, at the member's expense, and during the period it is available for inspection.

(h) Acceptance of Votes. If the name signed on a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation presented to the Association corresponds to the name of a member, the Association is entitled to accept the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation and to give it effect as the act of the member. If the name signed on a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment

revocation presented to the Association does not correspond to the name of a member, the Association is nevertheless entitled to accept the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation and to give it effect as the act of the member if: (i) the member is an Entity and the name signed purports to be that of the designated representative of the member as required by the Bylaws and the Declaration; (ii) the member is an Entity but has not designated a representative as required by the Bylaws and the Declaration, and the name signed purports to be that of an officer, director, shareholder, partner, manager, member, or agent of the Entity; (iii) the name signed purports to be that of the personal representative, guardian, or conservator representing the member and, if the Association requests, evidence of fiduciary status acceptable to the Association has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation presented to the Association; (iv) the name signed purports to be that of a receiver or trustee in bankruptcy of the member and, if the Association requests, evidence of this status acceptable to the Association has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation presented to the Association; or (v) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the member and, if the Association requests, evidence of this status acceptable to the Association of the signatory's authority to sign for the member has been presented with respect to the vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation presented to the Association. The Association may reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation presented to the Association if the secretary or other officer of the Association, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the member. The Association may reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the member is an Entity, the member has not designated a representative as required by the Bylaws and the Declaration and at least two of the non-designated representatives of the member have submitted conflicting documents or expressed at a meeting or in written documents conflicting directions, opinions, or desires.

Section 2.11 Budget Meetings. If the Declaration requires that a Budget be considered by the members at a meeting of the members, the board of directors shall call a special meeting for such purpose or shall place the consideration of the Budget on the agenda of any regular meeting of the members. At that meeting, the Budget shall be considered by the members in accordance with the provisions of the Declaration, specifically Section 8.03.

Section 2.12 Conduct of Meetings. The order of business at all meetings of the members shall be as follows: (a) roll call or check-in procedure; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees (if any); (f) election of directors to the board of directors (when required); (g) unfinished business; (h) new business; and (i) adjournment. The board of directors shall prescribe reasonable rules for the conduct of all meetings of the Members and in the absence of such rules, Robert's Rules of Order shall be used.

Section 2.13 Action by Unanimous Written Consent. Any action required or permitted to be taken at a meeting of the members other than the election of directors may be taken without a meeting by unanimous written consent of the members entitled to vote thereon. No action taken pursuant to this Section 2.13 shall be effective until writings describing and consenting to the action to be taken, signed by all of the members entitled to vote on the action and not revoked in accordance with the provisions of this Section 2.13, are received by the Association within 60 days after the earliest date any such writing is received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy of the document, including a copy of the signature on the document. Action taken pursuant to this Section 2.13 shall be effective when the last writing necessary to effect the action is received by the Association unless the writings describing the action taken set forth a different effective date. Any member who or which has signed a writing pursuant to this Section 2.13 may revoke such writing by a writing signed and dated by the member describing the action and stating that the member'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. Action taken pursuant to this Section 2.13 has the same effect as action taken at a meeting of members and may be described as such in any document. All signed written instruments necessary for any action taken pursuant to this Section 2.13 shall be filed with the minutes of the meetings of the board of directors.

Section 2.14 Action by Written Ballot. Any action required or permitted to be taken at a meeting of the members other than the election of directors may be taken without a meeting if the Association delivers a written ballot to every member entitled to vote thereon. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements, shall state the percentage of approvals necessary to approve each matter other than election of directors, shall specify the time by which a ballot must be received by the Association in order to be counted and must be accompanied by written information sufficient to permit each person casting a written ballot to reach an informed decision on the matter. A written ballot may not be revoked. Any action by written ballot shall have the same effect as action at meeting of the members and may be described as such in any document.

ARTICLE 3: BOARD OF DIRECTORS

Section 3.1 General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed by, its board of directors, except as otherwise provided in CCIOA, the Declaration, the Nonprofit Act, the Articles or the Bylaws. The board of directors is designated to act on behalf of the Association and shall be responsible for the control and management of the Association and the disposition of its funds and

property; provided, however, that the board of directors may not act on behalf of the Association to amend the Declaration, to terminate the Project except as provided in the Declaration or to elect directors or determine the qualifications, powers and duties, or terms of office of directors, but, the board of directors may fill vacancies in the board of directors for the unexpired portion of any term.

Section 3.2 Other Powers and Duties. The Executive Board shall be empowered and shall have the duties as follows:

3.2.1 to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and in the Articles and these Bylaws;

3.2.2 to establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Residences, Parcels and the Common Area with the right to amend same from time to time, including adoption, implementation and amendment of design guidelines and procedure. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof;

3.2.3 to keep in good order, condition and repair the Common Area , and all items of personal property owned by the Association, if any, and used in the employment of the Project;

3.2.4 to obtain and maintain to the extent obtainable all policies of insurance required by the Declaration;

3.2.5. subject to the budgeting procedures contained in the Declaration, to periodically fix, determine, levy and collect the Assessments to be paid by each of the Owners towards the Common Expenses of the Association and to adjust, decrease or increase the amount of the Assessments, refund any excess Assessments to the Owners, credit any excess of Assessments over expenses and case reserved to the Owners against the next succeeding assessment period, or place any excess assessments into designated replacement reserves. Subject to restrictions set forth in the Act, to levy and collect Special Assessments in accordance with the provisions of the Declaration, whenever in the opinion of the Executive Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. ;

3.2.6. to impose penalties and collect delinquent Assessments by suit or otherwise, to collect costs and reasonable attorney's fees, and to enjoin or seek damages from an Owner as is provided in the Declaration;

3.2.7. to protect and defend the Project from loss and damage by suit or otherwise;

3.2.8. subject to restrictions set forth in the Act, to borrow funds and to give security therefore in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these Bylaws and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary or desirable. Currently the Act restricts the conveyance or encumbrance of the Common Area pursuant to Section 38-33.3-312 of the Act.

3.2.9. to enter into contracts within the scope of their duties and powers, provided however, that any agreement for professional management of the Property, or any other contract providing for services of the Declarant may not exceed three (3) years;

3.2.10. to establish bank accounts which are interest-bearing or non-interest bearing, as may be deemed advisable by the Executive Board;

3.2.11. to keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declaration and these Bylaws and, upon the vote of Owners representing the Owners of two-thirds of the Parcels, to cause a complete audit to be made of the books and records by a competent certified public accountant;

3.2.12. to designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Area;

3.2.13. to suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration;

3.2.14. to buy or otherwise acquire, sell or otherwise dispose of, mortgage or other encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of the Association, subject to the Declaration and Bylaws of the Association. Currently the Act restricts the conveyance or encumbrance of the Common Area to Section 38-33.3-312 of the Act;

3.2.15. in general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Property and to perform all other acts permitted under the Act.

Section 3.3 Qualifications, Number, Election and Tenure.

(a) Qualifications. Each director must be a natural person who is at least eighteen years of age. A director need not be a resident of Colorado. To be qualified to serve as a director, a natural person must be: (i) an Owner or delegate of an Owner appointed by proxy pursuant to Section

2.10(d); or (ii) a representative of an Owner which is an Entity who is designated in the manner required by the Bylaws and the Declaration. A natural person who ceases to be so qualified shall automatically cease to be a director.

(b) Number. The current number of directors of the Association is _____. The members may from time to time increase or decrease the number of directors except that a Director may not be removed from office by virtue of reducing the number of Directors except as specifically allowed for in Section 3.4 herein. At no time shall there be fewer than three (3) directors nor shall there ever be more than seven (7). Increase of the number of Directors may occur at a duly held special or annual meeting of the Association with a vote of the membership in compliance with Section 2.9. If the number of Directors is increased the new positions shall be filled per Section 3.4(d). If a vacancy occurs on the Board which cannot be filled due to lack of Members who will agree to fill the position the number of Board Members will be reduced by the vacancy that cannot be filled, as long as not less than three (3), until the next election of Board Members at which time either the number of Board members will be deemed to have been reduced by the vacancy that cannot be filled or the vacancy will be filled at that time with the term to be the same as if the vacancy has been filled previously.

(c) Election and Tenure. Directors shall be elected by the members at each annual meeting of the members for a term that expires at the end of the next annual meeting of the members. Each director so elected shall hold office until such director's term expires and thereafter until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal.

Section 3.4 Resignation; Removal; Vacancies. Directors may be removed and vacancies on the Executive Board may be filled as follows:

(a) Resignation. Any director may resign at any time by giving written notice to the president or to the secretary of the Association. A director's resignation shall take effect when received by the president or the secretary of the Association or at such later time specified in such notice and the acceptance of such resignation shall not be necessary to make it effective. In the event of an opening upon the Board due to resignation, death, or disability or other reason, however occurring, the vacancy may be filled by the affirmative vote of a majority of the directors then in office though it may constitute less than a quorum. A director elected to fill a vacancy shall hold the office for the unexpired term of such director's predecessor in office.

(b) By the Members. The members may, by a vote of at least 51 percent of all members present in person or by proxy and entitled to vote at a duly called meeting of the members, whether a regular meeting or specially called, at which a quorum is present, remove any director elected with or without cause. The meeting notice must include notice that removal of a director is on the agenda. A successor to any Director so removed may be elected at such meeting to fill the vacancy created by removal of the Director. A Director whose removal is proposed by the

Membership shall be given notice of the proposed removal at least ten (10) days prior to the meeting and shall be given an opportunity to be heard at the meeting.

(c) By the Board. Any Director who has three (3) consecutive absences from Executive Board meetings or who is delinquent in payment of any assessments for more than thirty (30) days may be removed by a majority vote of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Executive Board. In the event of the removal of a Board member under this section (c) a vacancy may be declared by the Executive Board, and the Executive Board may appoint a successor. Any successor appointed by the Executive Board shall serve for the remainder of the term of the Director replaced.

(d) Election by Members for Increased Director Positions. If the number of directors is increased, the director positions added shall be filled by an election at a meeting of the members called for that purpose; and a director so chosen shall hold office until the next election of directors and thereafter until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal. A vacancy that will occur at a specific later date may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

Section 3.5 Regular Meetings. A regular annual meeting of the board of directors shall be held immediately after and at the same place as the annual meeting of the members, or as soon as practicable thereafter at the time and place, either within or outside Colorado, determined by a majority of the board of directors, for the transaction of such business as may come before the meeting and for the purpose of electing officers. The board of directors may provide by resolution the time and place, either within or outside Colorado, for the holding of additional regular meetings.

Section 3.6 Special Meetings. Special meetings of the board of directors may be called by or at the request of the president, or any two or more directors. The person or persons authorized to call special meetings of the board of directors may fix the time and place, either within or outside Colorado, for holding any special meeting of the board called by them.

Section 3.7 Open Meetings and Executive Sessions. All regular and special meetings of the board of directors, or any committee thereof, shall be open to attendance by all members or their representatives. Agendas for meetings of the board of directors shall be made reasonably available for examination by all members or their representatives. Notwithstanding the foregoing, the board of directors or any committee thereof may hold an executive or closed door session and may restrict attendance to directors and such other persons requested by the board of directors during a regular or special meeting or a part thereof. The matters that can be discussed at such an executive session are restricted to the following: (a) matters pertaining to employees of the Association or the contract of any managing agent or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association; (b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client; (c) investigative proceedings concerning possible or actual criminal misconduct; (d) matters subject to specific constitutional, statutory, or judicially imposed

requirements protecting particular proceedings or matters from public disclosure; (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy; and (f) review of or discussion relating to any written or oral communication from legal counsel. Prior to the time the directors or the members of any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion using one or more of the descriptions of the matters that may discussed in executive session set forth above in this Section 3.6. No rule or regulation of the board of directors or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

Section 3.8 Notice of Meetings.

(a) Requirements. Notice of each special meeting of the board of directors stating the date, time and place of the meeting shall be given to each director at such director's business or residential address or via facsimile or e-mail three days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery or private carrier of written notice or by telephone, facsimile, electronic transmission or any other form of wire or wireless communication (and the method of notice need not be the same as to each director). Written notice, if in a comprehensible form, is effective at the earliest of: (i) the date received; (ii) three days after its deposit in the United States mail, as evidenced by the postmark, if mailed correctly addressed and with first class postage affixed; or (iii) the date shown on the return receipt, if mailed by registered or certified mail, return receipt requested or (iv) If transmitted by facsimile, electronic transmission or other form of wire or wireless communication, notice shall be deemed to be given when the transmission is complete.

(b) Waiver of Notice. A director may waive notice of any meeting before or after the time and date of the meeting stated in the notice. Except as otherwise provided in this Section 3.7(b), the waiver shall be in writing and signed by the director entitled to the notice. Such waiver shall be delivered to the Association for filing with the corporate records, but such delivery and filing shall not be conditions of the effectiveness of the waiver. A director's attendance at or participation in a meeting waives any required notice to that director of the meeting unless, at the beginning of the meeting or promptly upon the director's later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter vote for or assent to action taken at the meeting; or, if special notice was required of a particular purpose pursuant to the Nonprofit Act or the Bylaws, the director objects to transacting business with respect to the purpose for which such special notice was required and does not thereafter vote for or assent to action taken at the meeting with respect to such purpose.

Section 3.9 Deemed Assent. A director who is present at a meeting of the board of directors when corporate action is taken is deemed to have assented to all action taken at the meeting unless the director objects at the beginning of the meeting, or promptly upon the director's arrival, to

holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to any action taken at the meeting; or the director contemporaneously requests the director's dissent or abstention as to any specific action taken be entered in the minutes of the meeting; or the director causes written notice of the director's dissent or abstention as to any specific action to be received by the presiding officer of the meeting before the adjournment thereof or by the Association promptly after the adjournment of the meeting. Such right of dissention or abstention is not available to a director who votes in favor of the action taken.

Section 3.10 Quorum and Voting. A majority of the directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at any meeting of the board of directors, and the vote of a majority of the directors present in person at a meeting at which a quorum is present shall be the act of the board of directors, unless otherwise required by CCIOA, the Declaration, the Nonprofit Act, the Articles or the Bylaws. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present.

Section 3.11 Voting by Proxy. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, 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. Except as provided in this Section 3.10 and as permitted by Section 3.14 hereof, directors may not vote or otherwise act by proxy.

Section 3.12 Compensation. No compensation shall be paid to any director for services performed as a director. The board of directors is authorized to make provision for reimbursement of out-of-pocket expenses incurred by directors in connection with the exercise of their duties, however. Directors shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

Section 3.13 Committees. By one or more resolutions adopted by the vote of a majority of the directors present in person at a meeting at which a quorum is present, the board of directors may designate from among its members one or more committees, each of which, to the extent provided in the resolution establishing such committee, shall have and may exercise all of the authority of the board of directors, except as prohibited by the Nonprofit Act. The delegation of authority to any committee shall not operate to relieve the board of directors or any member of the board from any responsibility or standard of conduct imposed by law or the Bylaws. Rules governing procedures for meetings of any committee shall be the same as those set forth in the Bylaws or the Nonprofit Act for the board of directors unless the board or the committee itself determines otherwise.

Section 3.14 Attendance by Telecommunication. Members of the board of directors or any committee thereof may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may hear each other

during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 3.15 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if each and every member of the board in writing either: (i) votes for such action; or (ii) votes against such action or abstains from voting and waives the right to demand that action not be taken without a meeting. Action is taken under this Section 3.14 only if the affirmative vote for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all of the directors then in office were present and voted. No action taken pursuant to this Section 3.14 shall be effective unless writings describing the action taken and otherwise satisfying the requirements of this Section 3.14, signed by all directors and not revoked pursuant to this Section 3.14, are received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy of the document, including a copy of the signature on the document. Action taken pursuant to this Section 3.14 shall be effective when the last writing necessary to effect the action is received by the Association unless the writings describing the action taken set forth a different effective date. Any director who has signed a writing pursuant to this Section 3.14 may revoke such writing by a 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. Action taken pursuant to this Section 3.14 has the same effect as action taken at a meeting of directors and may be described as such in any document. All signed written instruments necessary for any action taken pursuant to this Section 3.14 shall be filed with the minutes of the meetings of the board of directors.

ARTICLE 4: OFFICERS AND AGENTS

Section 4.1 Designation and Qualifications. The officers of the Association shall be a president, one or more vice presidents, a secretary and a treasurer. The board of directors may elect such other officers, assistant officers and agents, including assistant secretaries and assistant treasurers, as the board of directors may consider necessary or useful. One person may hold more than one office at a time. All officers must be natural persons who are eighteen years of age or older. Officers must be members of the Association.

Section 4.2 Election and Term of Office. The board of directors shall elect the officers at or in conjunction with each annual meeting of the board of directors. If the election of officers shall not be held at or in conjunction with such meeting, such election shall be held as soon as convenient thereafter. Each officer shall hold office from the end of the meeting at or in conjunction with which such officer was elected until such officer's successor shall have been duly elected and shall have qualified, or until such officer's earlier death, resignation or removal.

Section 4.3 Compensation. No compensation shall be paid to any officer for services performed as an officer. The board of directors is authorized to make provision for reimbursement

of out-of-pocket expenses incurred by officers in connection with the exercise of their duties, however. Officers shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the Association in any other capacity.

Section 4.4 Removal. Any officer or agent may be removed by the board of directors, at any time, with or without cause, but such removal shall not affect the contract rights, if any, of the person so removed. Election of an officer or agent shall not itself create contract rights.

Section 4.5 Vacancies. Any officer may resign at any time by giving written notice to the president or to the board of directors. An officer's resignation shall take effect upon receipt by the Association unless the notice specifies a later effective date, and the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled by the board of directors for the unexpired portion of the term. If a resignation is made effective at a later date, the board of directors may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date with the provision that the successor does not take office until the effective date, or the board of directors may remove the officer at any time before the effective date and may fill the resulting vacancy.

Section 4.6 Authority and Duties of Officers. The officers of the Association shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the board of directors or the Bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) President. The president shall, subject to the direction and supervision of the board of directors: (i) be the chief executive officer of the Association and have general and active control of its affairs and business and general supervision of its officers, agents and employees; (ii) preside at all meetings of the members and of the board of directors; (iii) see that all orders and resolutions of the board of directors are carried into effect; and (iv) perform all other duties incident to the office of president and as from time to time may be assigned to such office by the board of directors.

(b) Vice Presidents. The vice president or vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. The vice president (or if there is more than one, then the vice president designated by the board of directors, or if there be no such designation, then the vice presidents in order of their election) shall, at the request of the president, or in the president's absence or inability or refusal to act, perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions on the president.

(c) Secretary. The secretary shall: (i) prepare and maintain minutes of the directors' and members' meetings and other records and information required to be kept by the Association under the provisions of Sections 6.1 through 6.5 hereof; (ii) see that all notices are duly given in accordance with the provisions of the Declaration, the Articles or the Bylaws or as required by CIOA or the Nonprofit Act; (iii) be custodian of the seal of the Association; and (iv) in general, perform all duties

incident to the office of secretary and such other duties as from time to time may be assigned to such office by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the secretary.

(d) Treasurer. The treasurer shall: (i) be the chief financial officer of the Association and have the care and custody of all its funds, securities, evidences of indebtedness and other similar property and deposit the same in accordance with the instructions of the board of directors; (ii) receive and give receipts and acquittances for moneys paid in on account of the Association, and pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity; (iii) upon request of the board of directors, make such reports to it as may be required at any time; and (iv) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned to such office by the president or the board of directors. Assistant treasurers, if any, shall have the same powers and duties, subject to the supervision by treasurer.

Section 4.7 Authority to Execute, Certify or Record Documents. The president or any vice president is authorized to execute, certify or record any conveyance, encumbrance, amendment to the Declaration, contract or other document on behalf of the Association for itself or as attorney-in-fact for one or more of the members; provided, however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the Association shall be authorized only in the manner prescribed by CCIOA, the Nonprofit Act or the Declaration. If any of such documents affect title to real property such documents may also be attested by the secretary or any assistant secretary who shall also affix the corporate seal of the Association thereto.

Section 4.8 Managing Agents. The board of directors may employ or otherwise engage one or more natural persons or Entities to act as a managing agent for the Association at a compensation established by the board of directors to perform such duties and services as the board of directors shall authorize. No such delegation shall relieve the board of directors of its responsibilities under CIOA, the Declaration, the Nonprofit Act, the Articles or the Bylaws. The Association may enter into a contract with any such managing agent with such provisions and on such terms as the board of directors may approve. If the Association delegates powers of the board of directors or the officers of the Association relating to collection, deposit, transfer, or disbursement of Association funds to a managing agent, then such managing agent shall be required to: (a) maintain fidelity insurance coverage if required to do so by the board of directors; (b) deposit all Association funds in an account or accounts with a financial institution designated by the board of directors; (c) disburse Association funds only by a check drawn on any such account signed by the managing agent and, if any such check is in the amount of \$5000 or more, such check shall also be signed by an officer of the Association; (d) maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by such managing agent and maintain reserve accounts of each association so managed separate from operational accounts of the association; and (e) present to the Association an annual accounting for Association funds and a financial statement prepared by such managing agent, a public accountant or a certified public accountant.

ARTICLE 5: FIDUCIARY MATTERS

Section 5.1 Indemnification.

(a) Scope of Indemnification. The Association shall indemnify each director, officer and employee of the Association to the fullest extent permissible under the laws of the State of Colorado, and may in its discretion purchase insurance insuring its obligations hereunder or otherwise protecting the persons intended to be protected by this Section 5.1. The Association shall have the right, but shall not be obligated, to indemnify any fiduciary or agent of the Association not otherwise covered by this Section 5.1 to the fullest extent permissible under the laws of the State of Colorado.

(b) Savings Clause; Limitation. If any provision of the Nonprofit Act or the Bylaws dealing with indemnification shall be invalidated by any court on any ground, then the Association shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of the Nonprofit Act or the Bylaws that shall not have been invalidated.

(c) Insurance. By action of the Executive Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Executive Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of laws.

(d) Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article 7, such reasonable requirements and conditions as may appear appropriate to the Executive Board in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the Indemnified Party in connection with the defense or settlement of any Proceedings shall be counsel mutually agreeable to the Indemnified Party and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or Proceeding made, initiated or threatened against the Indemnified Party; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the Indemnified Party's right of recovery, and that the Indemnified Party shall execute all writings and do everything necessary to assure such right of subrogation to the Association.

Section 5.2 General Standards of Conduct for Directors and Officers.

(a) Discharge of Duties. Each director shall discharge the director's duties as a director, including the director's duties as a member of a committee of the board, and each officer with discretionary authority shall discharge the officer's duties under that authority: (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the director or officer reasonably believes to be in the best interests of the Association.

(b) Reliance on Information, Reports, Etc. In discharging duties, a director or officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more officers or employees of the Association whom the director or officer reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, a public accountant or another person as to matters the director or officer reasonably believes are within such person's professional or expert competence; or (iii) in the case of a director, a committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence. A director or officer is not acting in good faith if the director or officer has knowledge concerning the matter in question that makes reliance otherwise permitted by this Section 5.2(b) unwarranted.

(c) Liability to Association or Its Members. A director or officer shall not be liable as such to the Association or its members for any action taken or omitted to be taken as a director or officer, as the case may be, if, in connection with such action or omission, the director or officer performed the duties of the position in compliance with this Section 5.2. A director shall not be liable for actions taken or omissions made in the performance of such director's duties except for wanton and willful acts or omissions and there shall be no personal liability of such director to the Association or to its members for monetary damages for breach of fiduciary duty as a director except that the foregoing provision shall not eliminate the liability of such director to the Association for monetary damages for: (a) any breach of the director's duty of loyalty to the Association or its members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) acts specified in Sections 7-128-403 or 7-128-501(2) of the Nonprofit Act and described in Sections 5.3 and 5.4 hereof respectively; or (d) any transaction from which the director derived an improper personal benefit.

(d) Director Not Deemed to Be a Trustee. A director, regardless of title, shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

Section 5.3 Liability of Directors for Unlawful Distributions.

(a) Liability to Corporation. There is no authority for distributions except payment of surplus funds which is governed by C.R.S. 38-33.3-314. A director who votes for or assents to a

distribution made in violation of the Act, the Nonprofit Act, the Articles or these Bylaws shall be personally liable to the Association for the amount of the distribution that exceeds what could have been distributed without violating the Nonprofit Act or the Articles if it is established that the director did not perform the director's duties in compliance with the general standards of conduct for directors set forth in Section 5.2 hereof.

(b) Contribution. A director who is liable under Section 5.3(a) hereof for an unlawful distribution is entitled to contribution: (i) from every other director who could be liable under Section 5.3(a) hereof for the unlawful distribution; and (ii) from each person who accepted the distribution knowing the distribution was made in violation of the Nonprofit Act or the Articles, to the extent the distribution to that person exceeds what could have been distributed to that person without violating the Nonprofit Act or the Articles.

Section 5.4 Conflicts of Interest

(a) Definition. A conflict of interest arises when any "responsible person" or any "party related to a responsible person" has an "interest adverse to the Association." A "responsible person" is any natural person in a position to exercise substantial influence over the affairs of the Association, and specifically includes, without limitation, directors and officers of the Association. A "party related to a responsible person" includes his or her extended family (including spouse, ancestors, descendants and siblings, and their respective spouses and descendants), an estate or trust in which the responsible person or any member of his or her extended family has a beneficial interest or a fiduciary responsibility, or an Entity in which the responsible person or any member of his or her extended family is a director or officer or has a financial interest. "An interest adverse to the Association" includes any interest in any contract, transaction or other financial relationship with the Association, and any interest in an Entity whose best interests may be impaired by the best interests of the Association including, without limitation, an Entity providing any goods or services to or receiving any goods or services from the Association, an Entity in which the Association has any business or financial interest, and an Entity providing goods or services or performing activities similar to the goods or services or activities of the Association. The Association has adopted a Conflicts of Interest Policy that shall govern in regard to the same.

Section 5.5 Loans to Directors and Officers Prohibited. No loans shall be made by the Association to any of its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

ARTICLE 6: RECORDS OF THE ASSOCIATION

Section 6.1 Minutes, Etc. The Association shall keep as permanent records minutes of all meetings of the members and board of directors, a record of all actions taken by the members or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the Association, and a record of all waivers of

notices of meetings of the members and of the board of directors or any committee of the board of directors.

Section 6.2 Accounting Records. The Association shall maintain appropriate accounting records.

Section 6.3 Membership List. The Association, or its agent, shall maintain a record of the members in a form that permits preparation of a list of the names and addresses of the members in alphabetical order showing the number of votes each member is entitled to vote. In addition, the Association, or its agent, shall maintain a record containing: (a) the designation of each Parcel by its identifying number set forth in the Declaration, (b) the names and addresses of all members who are Owners of such Parcel, (c) if such Parcel is owned by an Entity, the name of the natural person designated as the representative of such entity as required by the Bylaws and the Declaration; and (d) if such Parcel is encumbered by a Security Interest, the name and address of the Lienholder who or which holds such Security Interest (if furnished to the Association) as required by the Bylaws.

Section 6.4 Records In Written Form. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

Section 6.5 Records Maintained at Principal Office. The Association shall keep a copy of each of the following records at its principal office: (a) the Articles; (b) the Bylaws; (c) resolutions adopted by the board of directors relating to the characteristics, qualifications, rights, limitations and obligations of the members or category of the members; (d) the minutes of all meetings of the members, and records of all action taken by the members without a meeting, for the past three years; (e) all written communications within the past three years to the members generally as the members; (f) a list of the names and business or home addresses of the current directors and officers; (g) a copy of the most recent corporate report delivered to the Colorado secretary of state; (h) all financial statements prepared for periods ending during the last three years that a member of the Association could have requested under Section 6.6(c) hereof; and (i) all other documents or records required to be maintained by the Association at its principal office under applicable law or regulation.

Section 6.6 Inspection of Records by Members.

(a) Records Maintained at Principal Office. A member (including a beneficial owner whose membership interest is held in a voting trust and any other beneficial owner of a membership interest who establishes beneficial ownership) shall be entitled to inspect and copy, during regular business hours at the Association's principal office, any of the records of the Association described in Section 6.5 hereof, in compliance with the Policy on Association Records.

(b) Limitation on Use of Membership List. Without consent of the board of directors, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a member's interest as a member. Without limiting the generality of the previous sentence, without the consent of the board of directors a membership list or any part thereof may not

be: (i) used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the Association; (ii) used for any commercial purpose; or (iii) sold to or purchased by any person.

ARTICLE 7: AMENDMENT OF BYLAWS

Section 7.1 Amendment of Bylaws by Board of Directors. These Bylaws may be amended by a majority vote of the Board of Directors at any regular or special meeting, provided that a quorum is present at such meeting. A statement of any proposed amendment shall accompany the notice if any regular or special Board of Directors meeting at which such proposed amendment will be voted upon and provided to all Members. A copy of the Amendment once adopted will be sent to all Members. No amendment may be adopted by the Board of Directors that conflicts with any amendment adopted by the Members.

Section 7.2 Amendment of Bylaws by Members. Subject to the specific requirements for amendment of certain bylaws as set forth in Sections 7.3 and 7.4 hereof, the members may amend the Bylaws even though the Bylaws may also be amended by the board of directors. In such an instance, the amendment shall be adopted as follows:

(a) Proposal. The board of directors may propose an amendment to the Bylaws for submission to the members, or 20 percent (20%) of the members may propose an amendment on their own initiative.

(b) Procedure for Adoption. The board of directors shall recommend the amendment to the members unless the amendment is proposed by the members or unless the board of directors determines that, because of conflict of interest or other special circumstances, it should make no recommendation and communicates the basis for its determination to the members with the amendment. Proposals recommended by the board of directors and proposals made by the members shall be submitted to the members for action. The members may approve, reject or take no action on the proposed amendment. Unless a higher voting requirement is set forth in the Articles, the Bylaws or the Declaration with respect to any particular provision, the affirmative vote of the majority of the votes of all of the members present in person or by proxy at the meeting of the members at which the amendment is to be considered shall be required to approve any proposal by to amend the Bylaws. The proposing board of directors or the proposing members may condition the effectiveness of an amendment to the Bylaws on any basis. The notice of the meeting of the members at which the amendment will be proposed shall state that the purpose, or one of the purposes, of the meeting is to consider the amendment, and the notice shall contain or be accompanied by a copy or a summary of the amendment.

Section 7.3 Changing Quorum or Voting Requirement for Members. An amendment to the Bylaws to add, change or delete a lesser or greater quorum or a greater voting requirement for the members shall meet the same quorum requirement and be adopted by the same vote and voting

groups required to take action under the quorum and voting requirements then in effect or proposed to be adopted, whichever are greater. A bylaw that fixes a lesser or greater quorum or a greater voting requirement for the members pursuant to this Section 7.3 shall not be amended by the board of directors.

Section 7.4 Changing Quorum or Voting Requirement for Directors. A bylaw that fixes a greater quorum or voting requirement for the board of directors may be amended only by the members as provided for in this Section 7. A bylaw adopted or amended by the members that fixes a greater quorum or voting requirement for the board of directors may provide that it may be amended only by a specified vote of either the members or the board of directors.

ARTICLE 8: MISCELLANEOUS

Section 8.1 Fiscal Year. The fiscal year of the Association shall be as established by the board of directors.

Section 8.2 Severability. The invalidity of any provision of the Bylaws shall not affect the other provisions hereof, and in such event the Bylaws shall be construed in all respects as if such invalid provision were omitted.

Section 8.3 Registration of Mailing Address. If a Residential Unit is owned by two (2) or more Owners, such co-owners shall designate one (1) address as the registered address required by the Declaration and shall designate the “voting member”. An Owner or Owners shall notify the Secretary of his or their (a) registered address within five (5) days after any transfer of title or change of address, and (b) “voting member” within five (5) days after any transfer if title or designation thereof. Such notice shall be written and signed by all of the Owners to which it related or by such persons authorized to sign on behalf of such Owners.

Section 8.4 Notice to Association. Every Owner shall timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his Residential Unit. The Association shall maintain such information at the office of the Association.

Section 8.5 Proof of Ownership. Except for those Owners who initially purchase a Residential Unit from Declarant, every person becoming an Owner shall immediately furnish to the Executive Board a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument shall remain in the files of the Association. A Member shall not be deemed to be in good standing not shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

Section 8.6 Character of Association. This Association is not organized for profit. No Member, member of the Executive Board, officer or person for whom the Association may receive any property or funds shall receive any pecuniary profit from the operation thereof, and in

no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or insure to the benefit of, any if the Executive Board, officers or Members, except upon a dissolution of the Association; provided, however, (1) that reasonable compensation may be paid to any Member, manger, Director, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

Section 8.7 Right of Entry. The Manager and any person authorized by the Executive Board shall have the right to enter Lot and Residential Unit in case of any emergency originating in or threatening such Lot and Residential Unit whether or not the Owner or occupant is present at the time. Such authorized persons shall also have the right to enter each Lot and Residential Unit to perform maintenance and repair work as prescribed by these Bylaws and the Declaration.

Section 8.8 Fiscal Year. The fiscal year of the Association shall be determined by the Executive Board and shall be subject to change by the Executive Board as necessary.

(END OF BYLAWS)

IN WITNESS WHEREOF, the undersigned, being the President of Alquezar Homeowner's Association, has executed this Amendment to the Bylaws on the day and the date first written above.

ALQUEZAR HOMEOWNER'S
ASSOCIATION a Colorado nonprofit corporation

By: _____
_____, President

STATE OF COLORADO)
) SS.
COUNTY OF EAGLE)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by: _____ as President of ALQUEZAR HOMEOWNER'S ASSOCIATION, a Colorado nonprofit corporation.

My commission expires: _____
[SEAL]

Notary Public

CERTIFICATE OF SECRETARY

I, _____, as Secretary of Alquezar Homeowner's Association, hereby certify that this Amendment to the Bylaws was approved in accordance with Article X(1) the Bylaws at a duly called meeting of the Board at which a quorum voted in favor hereof.

ALQUEZAR HOMEOWNER'S
ASSOCIATION, a Colorado nonprofit
corporation

By: _____, Secretary

[illegible]

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by: _____ as Secretary of Alquezar Homeowner's Association, a Colorado nonprofit corporation.

My commission expires: _____
[SEAL]

Notary Public