

BYLAWS
OF
THE FAIRWAYS AT POLE CREEK HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1
DEFINITIONS

1.01 Declaration. As used herein "Declaration" means the Declaration of Protective Covenants, Conditions and Restrictions for The Fairways at Pole Creek, recorded with the Clerk and Recorder of Grand County, Colorado.

1.02 Other Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to them in the Declaration.

ARTICLE 2
OFFICES

The Association is a Colorado nonprofit corporation with its principal office located c/o Mountain Valley Investment Corporation, P.O. Box 3128, Pine Tree Plaza, Suite 103, Winter Park, Colorado 80482. The Association may also have offices and may carry on its purposes at such other places within and outside the State of Colorado as the Board of Directors may from time to time determine.

ARTICLE 3
MEMBERSHIP, VOTING, QUORUM AND PROXIES

3.01 Membership. The Members of the Association shall be as set forth in the Articles.

3.02 Voting Rights.

(a) Each Member shall be entitled to one vote for each Lot owned, regardless of the number of Owners of the Lot to which the membership is appurtenant. Fractional voting shall not be allowed for memberships appurtenant to Lots. If the Owners of a Lot cannot agree among themselves as to how to cast their votes on a particular matter, they shall lose their right to vote on such matter. If any Owner casts a vote representing a membership appurtenant to a particular Lot, it will thereafter be presumed for all purposes that the Owner was acting with the authority and consent of all other Owners with whom such Owner shares the membership, unless objection thereto is made by an Owner of that Lot to the Person presiding over the meeting at the time the vote is cast. If

more than the number of allocated votes are cast for any particular membership, none of such votes shall be counted and all of such votes shall be deemed null and void.

(b) The Association shall have no voting rights for any membership appurtenant to any Lot owned by the Association.

3.03 Quorum. Except as otherwise required by law or the Articles, the presence in person or by proxy of Members entitled to vote more than thirty percent (30%) of the total votes of the Members shall constitute a quorum.

3.04 Proxies. Votes may be cast in person or by proxy. Every proxy must be executed in writing by the Owner or his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Association before or at the time of the meeting. No proxy shall be valid after the expiration of eleven months from the date of its execution unless otherwise provided in the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member's Lot.

3.05 Majority Vote. At any meeting of the Members, if a quorum is present, the affirmative vote of a majority of the votes represented at the meeting, in person or by proxy, shall be the act of the Members, unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws.

3.06 Cumulative Voting. Cumulative voting is not permitted for any purpose.

ARTICLE 4 **ADMINISTRATION**

4.01 Annual Meeting. The annual meeting of the Members shall be held at a time designated by the Board of Directors on the first Saturday of July in each year, or at such other date designated by the Board, beginning with the year 1997, for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

4.02 Special Meetings. Special meetings of the Members, for any purpose, unless otherwise prescribed by statute, may be called by the president or by a majority of the directors and shall be called by the president at the request of Members entitled to vote 20 percent or more of the total votes of all Members.

4.03 Place of Meeting. The Board of Directors may designate the Association's principal offices or any place within Grand County, Colorado as the place for any annual meeting or for any special meeting called by the Board of Directors.

4.04 Notice of Meeting. Written or printed notice of any meeting of the Members, stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting

is called, shall be delivered personally or by mail to each Member entitled to vote at such meeting not less than ten nor more than fifty days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears in the office of the Association, with postage thereon prepaid. For the purpose of determining Members entitled to notice of or to vote at any meeting of the Members, the Board of Directors may set a record date for such determination of Members, in accordance with the laws of the State of Colorado. If requested by the person or persons lawfully calling such meeting, the secretary shall give notice thereof at the expense of the Association.

4.05 Informal Action by Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Members.

4.06 Waiver of Notice. Before, at or after any meeting of the Members, any Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting shall be a waiver of notice by such Member except when such Member attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

4.07 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than thirty days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

ARTICLE 5

DECLARANT CONTROL

5.01 Declarant Control of the Association.

(a) Subject to the terms and conditions of paragraphs 5.01 (b) and 5.02 (a) below, but notwithstanding anything else to the contrary contained in these Bylaws or in any other Association document, Declarant shall have the exclusive right to appoint and remove all directors and officers of the Association during the Declarant Control Period. The phrase "Declarant Control Period" means the period commencing on the date on which Declarant forms the Association and ending on the earliest to occur of:

(i) the date that is sixty (60) days after conveyance to Lot Owners other than Declarant of seventy-five percent (75%) of the Lots that may be created by Declarant under the Declaration;

(ii) the date that is two (2) years after the last conveyance of a Lot by the Declarant in the ordinary course of business; or

(iii) the date that is two (2) years after any right to add new Lots was last exercised.

(b) Declarant may voluntarily surrender its right to appoint and remove directors and officers of the Association prior to the expiration of the Declarant Control Period, but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Association or the Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

5.02 Elections By Members.

(a) Notwithstanding anything to the contrary contained above in paragraph 5.01(a), not later than sixty (60) days after conveyance to Lot Owners other than Declarant of twenty-five percent of (25%) the Lots that may be created, at least one (1) director and not less than twenty-five percent (25%) of the directors of the Board must be elected by Members other than the Declarant, and not later than sixty (60) days after conveyance to Lot Owners other than Declarant of fifty percent (50%) of the Lots that may be created, not less than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the directors of the Board must be elected by Members other than the Declarant.

(b) During the thirty-day period immediately preceding the date on which the Declarant Control Period expires, the Members shall elect a Board of Directors of at least three members, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant. Such Directors shall take office upon election.

ARTICLE 6 **BOARD OF DIRECTORS**

6.01 Number, Tenure and Qualifications. The business and affairs of the Association shall be managed by a Board of Directors consisting of at least three members, each of whom shall be (a) an individual Owner; (b) a partner, trustee, officer, director or twenty-five percent shareholder of an organizational Owner; or (c) one of the directors appointed by Declarant. A person other than a director appointed by Declarant shall automatically cease to be a director at such time as he ceases to be an individual Owner or a partner, trustee, officer, director or twenty-

five percent shareholder of an organizational Owner. Each initial director shall hold office until the election or appointment of their successors at the 1998 annual meeting. Thereafter, subject to the terms and conditions of Article 5 and Section 6.03 hereof, each director will hold office for a term of one year and the Members shall elect the directors at the annual meetings. Upon expiration of the Declarant Control Period, the Members, at a special meeting, shall elect one director for a term of one (1) year, one director for a term of two (2) years, and one director for a term of three (3) years. The candidate who receives the largest number of votes shall be elected for a three (3) year term, the candidate who receives the next largest number of votes shall be elected for a two (2) year term, and the candidate who receives the next largest number of votes shall be elected for a one (1) year term. Each such term shall be deemed to have begun as of the date of the next annual meeting following such special meeting. At each annual meeting thereafter, the Members shall elect the same number of directors as there are directors whose terms are expiring at the time of each election, for terms of three (3) years. Each director shall hold office until the election and qualification of his successor or until his earlier death, resignation or removal.

6.02 Resignations; Vacancies. Any director may resign at any time by giving written notice to the president or to the secretary of the Association. Such resignation shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Other than with respect to a director appointed by the Declarant during the Declarant Control Period, any vacancy occurring on the Board of Directors (by reason of resignation or death) may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum. A vacancy occurring on the Board of Directors created by the resignation or death of a director appointed by the Declarant during the Declarant Control Period shall be filled by the Declarant appointing a new director. A director elected to fill a vacancy shall hold office until the next annual meeting of the Members and until his successor is duly elected and qualified.

6.03 Removal of Directors. Notwithstanding any provision contained in these Bylaws or any other Association document to the contrary, the Members, by a sixty-seven percent (67%) vote of all Members represented and entitled to vote at any meeting at which a quorum is present, may remove any director, with or without cause, other than a director appointed by Declarant during the Declarant Control Period.

6.04 Powers. Except as provided in the Declaration, the Articles and these Bylaws, the Board of Directors may act on behalf of the Association in all instances. The Board of Directors may not act on behalf of the Association, however, to (a) amend the Declaration; (b) terminate the Association, the Declaration or the planned community created by the Declaration; (c) elect directors to the Board of Directors, other than to fill a vacancy for the unexpired portion of any director's term, subject to Declarant's rights under Sections 5.01 and 5.02 above; or (d) determine the qualifications, powers and duties or terms of office, of directors.

6.05 Managing Agent. The Board of Directors may employ a manager or managing agent, or both, 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. Any such delegation, however, shall not relieve the Board of Directors of its responsibility under the Declaration. If, and to the extent that, the Board of Directors delegates its powers relating to the collection, deposit, transfer or disbursement of Association funds to a manager or managing agent, or both, such manager or managing agent, or both shall:

(a) maintain fidelity insurance coverage or a bond in an amount equal to the greater of \$50,000.00 or one-sixth of the annual Base Assessments on all Lots for the current fiscal year plus reserves on hand, or such higher amount as the Board of Directors may require;

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

(c) have prepared and present to the Association an annual accounting for Association funds and a financial statement, which accounting and financial statement shall be prepared by the managing agent, a public accountant, or a certified public accountant.

6.06 Regular Meetings. Regular meetings of the Board of Directors may be held without call or formal notice at such places within or outside the State of Colorado, and at such times as the Board of Directors from time to time by vote may determine. Any business may be transacted at a regular meeting. The regular meeting of the Board of Directors for the election of officers and for such other business as may come before the meeting may be held without call or formal notice immediately after, and at the same place as, the annual meeting of Members, or any special meeting of Members at which a Board of Directors is elected.

6.07 Special Meetings. Special meetings of the Board of Directors may be held at any place within the State of Colorado, or by telephone; provided, that each director can hear each other director, at any time when called by the president, or by two or more directors, upon the giving of at least three days' prior notice of the time and place thereof to each director by leaving such notice with such director or at such director's residence or usual place of business, or by mailing or telegraphing it prepaid, and addressed to such director at such director's post office address as it appears on the books of the Association, or by telephone. Notices need not state the purposes of the meeting. No notice of any adjourned meeting of the directors shall be required.

6.08 Quorum. A majority of the number of directors fixed by these Bylaws, as amended from time to time, shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time. When a quorum is present at any meeting,

a majority of the directors in attendance shall, except where a larger number is required by law, by the Articles or by these Bylaws, decide any question brought before such meeting.

6.09 Waiver of Notice. Before, at or after any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice by such director except when such director attends the meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called or convened.

6.10 Informal Action by Directors. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the directors.

6.11 Compensation. No director shall receive any compensation for any service rendered to or for the Association, except that directors may be reimbursed for actual expenses incurred in the performance of official duties. Notwithstanding the foregoing, however, nothing contained herein shall preclude any director from performing services for the Association in any capacity other than as a director of the Association and receiving compensation therefor, so long as the arrangement has been approved by a majority of disinterested directors.

6.12. Enforcement. The Board of Directors shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner and to suspend an Owner's right to vote or any person's right to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws, or any Rules and Regulations duly adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Lot. In the event that any occupant, guest or invitee of a Lot violates the Declaration, Bylaws, or a Rule or Regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. The failure of the Board of Directors to enforce any provisions of the Declaration, Bylaws, or any Rule or Regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction, the Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10 day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Additional Enforcement Rights. Notwithstanding anything to the contrary, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these Bylaws, or the Rules and Regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), suit at law or in equity to enjoin any violation or to recover monetary damages, or pursue any other remedy, or any combination of remedies without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE 7

OFFICERS, AGENTS AND COMMITTEES

7.10 General. The officers of the Association shall be a president (who shall be chosen from among the directors), one or more vice presidents, a secretary and a treasurer. The Board of Directors may appoint such other officers, assistant officers, committees and agents, including assistant secretaries and assistant treasurers, as they may consider necessary or advisable, who shall be chosen in such manner and hold their offices for such terms and have such authority and duties as from time to time may be determined by the Board of Directors. One person may hold any two offices, except that no person may simultaneously hold the offices of president and secretary. In all cases where the duties of any officer, agent or employee are not prescribed by the Bylaws or by the Board of Directors, such officer, agent or employee shall follow the orders and instructions of the president.

7.02 Removal of Officers. The Board of Directors may remove any officer, either with or without cause, and elect a successor at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

7.03 Vacancies. A vacancy in any office, however occurring, shall be filled by the Board of Directors for the unexpired portion of the term.

7.04 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and of the Board of Directors. The president shall have the general and active control of the affairs and business of the Association and general supervision of its officers, agents and employees. The president of the Association is designated as the officer with the power to prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

7.05 Vice Presidents. The 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. In the absence of the president, the vice president designated by the Board of Directors or (if there be no such designation) designated in writing by the president shall have the powers and perform the duties of the president. If no such designation shall be made all vice presidents may exercise such powers and perform such duties.

7.06 Secretary. The secretary shall:

(a) keep the minutes of the proceedings of the Members and the Board of Directors;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws, the Declaration and as required by law;

(c) be custodian of the corporate records and of the seal of the Association and affix the seal to all documents when authorized by the Board of Directors;

(d) keep at the Association's principal offices a record containing the names and registered addresses of all Owners, the designation of the Lot owned by each Owner, and, if such Lot is mortgaged, the name and address of each Mortgagee; and

(e) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him 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.

7.07 Treasurer. The treasurer shall be the principal financial officer of the Association and shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Association and shall deposit the same in accordance with the instructions of the Board of Directors. The treasurer shall receive and give receipts and acquittances for moneys paid in on account of the Association, and shall pay out of the funds on hand all bills, payrolls and other just debts of the Association of whatever nature upon maturity.

The treasurer shall perform all other duties incident to the office of the treasurer and, upon request of the Board of Directors, shall make such reports to it as may be required at any time. The treasurer shall, if required by the Board of Directors, give the Association a bond in such sums and with such sureties as shall be satisfactory to the Board of Directors, conditioned upon the faithful performance of his duties and for the restoration to the Association of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. He shall have such other powers and perform such other duties as may be from time to time prescribed by the Board of Directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

7.08 Committees. The Board of Directors may appoint any committee or committees that it deems appropriate.

7.09 Neighborhood Committees. In addition to any other committees appointed as provided in Section 7.08, there may be a Neighborhood Committee for each Neighborhood which has no formal organizational structure or association. Each Neighborhood Committee so created shall consist of three members; provided, however, by vote of at least fifty-one (51%) percent of the Owners within the Neighborhood this number may be increased to five.

The members of each Neighborhood Committee shall be elected annually by the vote of Owners of Units within that Neighborhood. The first election may be called by the Board not later than 60 days after conveyance of fifty-one (51%) percent of the Units in the Neighborhood to Persons other than a Builder. Election of a Neighborhood Committee may be held by mail-in ballot sent out by the Board for the initial election and after the initial election by the Neighborhood Committee. Each Lot included in the Neighborhood shall be allotted one (1) vote. Committee Members shall be elected for a term of one year and until their successors are elected. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Committee.

It shall be the responsibility of the Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those which the Association is obligated to provide pursuant to any applicable Supplemental Declaration and those provided to all Members of the Association in accordance with the Declaration; provided: such special services requested by the Neighborhood shall have the approval of Owners representing at least fifty-one (51%) percent of the total votes in the Neighborhood. A Neighborhood Committee may advise the Board on any other issue, but shall not have the authority to bind the Board.

The Owners of Lots within the Neighborhood holding at least fifty-one (51%) percent of the total votes of Lots in the Neighborhood shall constitute a quorum at any meeting of the Neighborhood. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the procedures and requirements applicable to the Board of Directors set forth in

Sections 6.06 through 6.11, inclusive; provided, however, the term "Member" shall refer to the Owners of Lots within the Neighborhood. Each Neighborhood Committee shall elect a chairman from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board.

ARTICLE 8
EVIDENCE OF OWNERSHIP, REGISTRATION OF
MAILING ADDRESS AND LIEN HOLDERS

8.01 Proof of Ownership. Except for those Owners who initially contracted to purchase a Lot from the Declarant, any person on becoming an Owner shall furnish to the Association a photocopy or a certified copy of the recorded instrument vesting that person with an ownership interest in the Lot. Such copy shall remain in the files of the Association. An Owner shall not be deemed to be in good standing and shall not be entitled to vote at any annual or special meeting of Members unless this requirement is first satisfied.

8.02 Registration of Mailing Address. If a Lot is owned by two or more Owners, such Owners shall designate one address as the registered address required by the Declaration. The registered address of an Owner or Owners shall be furnished to the secretary of the Association within ten days after transfer of title, or after a change of address. Such registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized to represent the interests of all Owners of the Lot. If no address is registered or if all of the Owners cannot agree, then the address of the Lot shall be deemed the registered address of the Owner(s), and any notice shall be deemed duly given if delivered to the Lot.

8.03 Liens. Any Owner who mortgages or grants a deed of trust covering his Lot shall give the Association written notice of the name and address of the Mortgagee and shall file true, correct and complete copies of the note and security instrument with the Association.

8.04 Address of the Association. The address of the Association shall be c/o Mountain Valley Investment Corporation, P.O. Box 3128, Pine Tree Plaza, Suite 103, Winter Park, Colorado 80482. Such address may be changed from time to time upon written notice to all Owners and all listed Mortgagees.

ARTICLE 9
SECURITY INTEREST IN MEMBERSHIP

Owners shall have the right irrevocably to constitute and appoint a Mortgagee their true and lawful attorney-in-fact to vote their interest as Members in the Association at any and all meetings of the Association and to vest in the Mortgagee any and all rights, privileges and powers that they have as Owners under the Articles and these Bylaws or by virtue of the Declaration. Such proxy shall become effective upon the filing of notice by the Mortgagee with the secretary of the Association at such time or times as the Mortgagee shall deem its security in

jeopardy by reason of the failure, neglect or refusal of the Association, the Board of Directors or the Owners to carry out their duties as set forth in the Declaration. A release of the Mortgage covering the subject Lot shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners, as Mortgagees, of their duties and obligations as Owners or to impose upon the Mortgagee the duties and obligations of an Owner.

ARTICLE 10 **AMENDMENTS**

10.01 By Directors. Except as limited by law, the Articles, the Declaration or these Bylaws, the Board of Directors shall have power to make, amend and repeal the Bylaws of the Association at any regular meeting of the Board of Directors or at any special meeting called for that purpose at which a quorum is represented. If, however, the Members shall make, amend or repeal any Bylaw the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the Members in taking such action.

10.02 Members. Subject to any rights conferred upon first Mortgagees in the Declaration, the Members may, by the vote of the holders of at least sixty-seven percent (67%) percent of the votes of the Members, unless a greater percentage is expressly required by law, the Articles, the Declaration or these Bylaws, make, alter, amend or repeal the Bylaws of the Association at any annual meeting or at any special meeting called for that purpose at which a quorum shall be represented. If an Owner consents to any amendment to the Declaration or these Bylaws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

10.03 Limitation. Notwithstanding the foregoing, amendment of these Bylaws is specifically subject to the requirements of Section 38-33.3-306 of Colorado Revised Statutes, as amended.

ARTICLE 11 **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Association shall indemnify every director or officer and their heirs, executors and administrators against all loss, cost and expense, including attorneys' fees, reasonably incurred in connection with any action, suit, or proceeding to which they may be made a party by reason of being or having been a director or officer of the Association, except for matters as to which they shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the persons to be indemnified have not been guilty of gross negligence or willful misconduct in the performance of their duties in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be *entitled*. All

liability, loss, damage, cost and expense incurred or suffered by the Association by reason of or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses; provided, however that nothing in this Article shall be deemed to obligate the Association to indemnify any person who is or has been an officer or director of the Association with respect to any duties or obligations assumed or liabilities incurred by them by virtue of the Declaration as an individual Owner of a Lot and not as an officer or director of the Association.

ARTICLE 12 **MISCELLANEOUS**

12.01 Books and Records. The Association shall keep detailed, accurate and complete books and records of its receipts and expenditures, shall keep minutes of the proceedings of the Board of Directors and Members, and shall keep at its registered or principal office in Colorado, a record of the names and addresses of the Members entitled to vote. Upon ten (10) days notice to the general manager, if any, or to the president of the Association, any Member shall be furnished a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. Current copies of the Articles of Incorporation and Bylaws of the Association, Rules and Regulations governing the Association, and other books, records and financial statements of the Association, shall be made available to Members. The word "available", as used herein, shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances. The Board of Directors shall establish reasonable rules with respect to payment of the cost of reproducing copies of documents requested. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

12.02 Seal. The corporate seal of the Association shall be circular in form and shall contain the name of the Association, the year of its organization and the words, "Seal, Colorado."

12.03 Fiscal Year. The fiscal year of the Association shall be such as may from time to time be established by the Board of Directors.

12.04 Conflict of Documents. In case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. In case of any conflict between the Declaration and the Articles of Incorporation, the Declaration shall control.