

**BYLAWS
OF
GRAYSON PLACE AT THIRD AVENUE HOMEOWNERS ASSOCIATION, INC.**

These are the Bylaws of the Grayson Place at Third Avenue Homeowners Association, Inc., a Colorado nonprofit corporation ("Association"), which shall operate under the Colorado Revised Nonprofit Corporation Act ("Nonprofit Act"), as amended, and the Colorado Common Interest Ownership Act ("Act"). Except as otherwise provided herein, the definitions of capitalized terms herein shall be the same as provided in the Declaration of Grayson Place at Third Avenue, a Condominium Community ("Declaration").

**ARTICLE I
BOARD OF DIRECTORS**

A. Number and Qualification.

1. The affairs of the Project and the Association shall be governed by a board of directors ("Board"). The Owner of each Unit will appoint one director to the Board. Each Board director shall be entitled to one vote on the Board. Only the Owner who appoints a director has the authority to remove such director and the Owner may do so in its sole discretion. In the event that any Board director resigns from the Board or is removed by the Owner who appointed them, that Board director shall only be replaced by the Owner who appointed the director. In the event that an Owner owns more than one Unit they shall only be entitled to appoint one member to the Board and that Board member shall have one vote for each Unit owned by the Owner who appointed them.

In the event that any vote of the Board ends in a 3-3 tie, the tie shall be broken by weighting each director's vote according to the square footage of each Unit whose Owner appointed the director as compared to the square footage of all Units in the Project. For purposes of this paragraph, the square footage used shall be the "Floor Area Sq. Ft." set forth on the Map. For example, in the event of a 3-3 tie, the vote of the director appointed by the Owner of Unit A shall weighted 15.54%, the vote of the director appointed by the Owner of Unit B shall weighted 17.02%, the vote of the director appointed by the Owner of Unit C shall weighted 17.01%, the vote of the director appointed by the Owner of Unit D shall weighted 17.01%, the vote of the director appointed by the Owner of Unit E shall weighted 17.02%, and the vote of the director appointed by the Owner of Unit F shall weighted 16.40%. In the case of a 3-3 tie, the directors holding the 3 votes with the highest weighted percentage shall be deemed to carry the action of the Board.

2. The Board shall elect the officers. The officers shall take office upon election.
3. The Board shall serve without compensation.

B. Powers and Duties.

The Board shall have, in addition to those rights and powers established in the Declaration and subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Project, including, but not limited to, the following powers and duties:

1. Adopt and amend bylaws and rules and regulations ("Rules");
2. Adopt and amend budgets for revenues, expenditures and reserves;
3. Levy and collect Assessments for Common Expenses from Owners;
4. Hire and discharge Managing Agents;
5. Hire and discharge employees, independent contractors and agents other than Managing Agents;
6. Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association Documents in the Association's name, or on behalf of the Association or two or more Owners, on matters affecting the Project;
7. Make contracts and incur liabilities;
8. Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
9. Cause additional improvements to be made as a part of the Common Elements;
10. Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property; but the Common Elements may be conveyed or subjected to a security interest only pursuant to §312 of the Act;
11. Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements;
12. Impose and receive a payment, fee or charge for services provided to Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in §202(1)(b) and §202(1)(d) of the Act;
13. Impose a reasonable charge for the late payment of Assessments and, after notice and hearing, levy a reasonable fine for a violation of the Association Documents;
14. Impose a reasonable charge for the preparation and recording of amendments to the Declaration or for statements of unpaid Assessments;

15. Provide for the indemnification of the Association's officers, directors and the Board and maintain directors' and officers' liability insurance;
16. Exercise any other powers conferred by the Declaration or the Bylaws;
17. Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
18. Exercise any other power necessary and proper for the governance and operation of the Association; and
19. By resolution, establish committees of directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to the Owners and the Board. However, actions taken by a committee may be appealed to the Board by any Owner within forty-five days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board at its next regular meeting.

THE BOARD SHALL BE OBLIGATED TO REGISTER THE ASSOCIATION ANNUALLY WITH THE DIRECTOR OF THE DIVISION OF REAL ESTATE AND PAY ANY FEE ASSOCIATED WITH SUCH REGISTRATION AS REQUIRED BY §401 OF THE ACT.

C. Managing Agent.

The Board may employ a Managing Agent for the Grayson Place community, at a compensation established by the Board, to perform duties and services authorized by the Board. The Board may delegate to the manager only the powers granted to the Board by these Bylaws under Section I.B, Subsections 3, 5 and 8 above. Licenses, concessions and contracts may be executed by the Managing Agent and the Managing Agent may disburse funds of the Association pursuant to specific resolutions of the Board and to fulfill the requirements of the budget.

If the Board delegates powers relating to the collection, deposit, transfer or disbursement of Association funds to a Managing Agent or other persons, that Managing Agent or other persons shall:

1. Maintain fidelity insurance coverage or a bond in an amount not less than the amount required pursuant to the Declaration;
2. Maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Managing Agent or other persons, and maintain all reserve accounts of each association so managed separate from operational accounts of the Association;

3. Cause to be prepared, by the Managing Agent, a public accountant or a certified public accountant, and present to the Association no less than once per quarter an accounting for Association funds and a financial statement for the previous quarter; and

4. Cause to be prepared, by the Managing Agent, a public accountant or a certified public accountant, and present to the Association an annual accounting for Association funds and a financial statement.

D. Regular Meetings.

The first regular meeting of the Board following each annual meeting of the Owners shall be held within ten days after the annual meeting at a time and place to be set by the Owners at the meeting at which the Board shall have been elected. No notice shall be necessary to the newly elected directors in order to legally constitute such meeting, provided a quorum of directors is present. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

E. Special Meetings.

Special meetings of the Board may be called by the President or by a majority of directors on not less than three business days' notice to each director. The notice shall be hand delivered or sent prepaid by U.S. Mail and shall state the time, place and purpose of the meeting.

F. Location of Meetings.

All meetings of the Board shall be held at the Project or at another location determined by the Board.

G. Waiver of Notice.

Any director may waive notice of any meeting in writing. Attendance by a director at any meeting of the Board shall constitute a waiver of notice. If all directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

H. Quorum of Directors.

At all meetings of the Board, four directors shall constitute a quorum for the transaction of business, and the votes of a majority of directors present at a meeting at which a quorum is present shall constitute a decision of the Board (subject to the second paragraph of Section I.A.1 above). If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

I. Consent to Corporate Action.

Any action required by law to be taken at a meeting of directors, or any action which may be taken at a meeting of directors, may be taken without a meeting if each director in writing either (1) votes for such action, or (2) votes against such action or abstains from voting and waives the right to demand that a meeting be held. Action is taken under this Section 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 directors then in office were present and voted.

J. Telephone Communication in Lieu of Attendance.

A director may attend a meeting of the Board by using an electronic or telephonic communication method whereby the director may be heard by the other directors and may hear the deliberations of the other directors on any matter properly brought before the Board. The director's vote shall be counted and their presence noted as if that director were present in person on that particular matter.

K. Conflicts of Interest.

As required by and in accordance with §209.5(1)(b)(II) of the Act, the following provisions are and shall constitute the Association's conflict of interest policy.

1. No loans will be made by the Association to the directors or officers.
2. No contract, transaction, or other financial relationship between the Association and a director, or between the Association and a party related to a director, or between the Association and an entity in which a director of the Association is a director or officer or has a financial interest ("Conflicting Interest Transaction") will be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because the Conflicting Interest Transaction involves a director or a party related to a director or an entity in which a director is a director or officer or has a financial interest or solely because the director is present at or participates in the meeting of the Board that authorizes, approves, or ratifies the Conflicting Interest Transaction or solely because the director's vote is counted for such purpose if: (i) the material facts as to the director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Board, and the Board in good faith authorizes, approves, or ratifies the Conflicting Interest Transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; (ii) the material facts as to the director's relationship or interest and as to the Conflicting Interest Transaction are disclosed or are known to the Owners entitled to vote thereon, and the Conflicting Interest Transaction is specifically authorized, approved, or ratified in good faith by a vote of the Owners entitled to vote thereon; or (iii) the Conflicting Interest Transaction is fair as to the Association. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes, approves, or ratifies the Conflicting Interest Transaction.

3. For purposes of this Section a “party related to a director” shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

L. Proxy.

Voting by proxy shall be permitted; *provided, however*, that the proxy is granted in writing to another director who attends the meeting and the proxy is limited to a 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.

**ARTICLE II
OWNERS/MEMBERS**

A. Annual Meeting.

Annual meetings of the Owners shall be held at such date set forth in the notice of the meeting.

B. Budget Meeting.

Meetings of the Owners to consider proposed budgets shall be called in accordance with the Act. The budget may be considered at annual meetings or special meetings called for other purposes as well.

C. Special Meetings.

Special meetings of the Association may be called by the President, by a majority of directors or by Owners comprising twenty percent of the votes in the Association.

D. Place of Meetings.

Meetings of the Owners shall be held at the Project or at another location determined by the Board, or may be adjourned to a suitable place convenient to the Owners, as may be designated by the Board or by the President.

E. Notice of Meetings.

1. The Secretary or other officer specified by the Board shall cause notice of meetings of the Owners to be hand delivered or sent prepaid by U.S. Mail to the mailing address of each Unit or to the mailing address designated in writing by the Owner, not less than ten nor more than fifty days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

2. The Association may additionally provide notices and agendas in electronic form,

by posting on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all annual meetings and special meetings of the Owners by electronic mail to all Owners who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four hours before the meeting. In addition, notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable.

F. Waiver of Notice.

Any Owner may, at any time, waive notice of any meeting of the Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

G. Adjournment of Meeting.

At any meeting of the Owners, a majority of Owners who are present at that meeting either in person or by proxy may adjourn the meeting to another time.

H. Order of Business.

The order of business at all meetings of the Owners shall be as follows:

1. Roll call (or check-in procedure);
2. Proof of notice of meeting;
3. Reading of minutes of preceding meeting;
4. Reports;
5. Ratification of budget (if required and noticed);
6. Unfinished business; and
7. New business.

I. Voting.

1. If only one of several Owners of a Unit is present at a meeting of the Owners, the Owner present is entitled to cast the vote allocated to the Unit. If more than one of the Owners is present, the vote allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. There is a majority agreement if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another Owner of the Unit.

2. The vote allocated to a Unit may be cast under a proxy duly executed by an Owner. If a Unit is owned by more than one person, each Owner of the Unit may vote or register protest to the casting of votes by the other Owner(s) of the Unit through a duly executed proxy. An Owner may revoke a proxy given under this Subsection 2 only by actual notice of revocation to the person presiding over a meeting of the Owners. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates eleven months after its date, unless it specifies a shorter term.

3. The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice to the Board of a specific designated person. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice to the Board of the designation of a specific person by the owning partnership. The vote of a limited liability company may be cast by any manager/member of the owning limited liability company in the absence of express notice to the Board of the designation of a specific person by the owning limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, business trust or limited liability company Owner is qualified to vote.

4. Votes allocated to a Unit owned by the Association may not be cast.

J. Quorum.

Except as otherwise provided in these Bylaws or the Declaration, four Owners present in person or by proxy at any meeting of the Owners shall constitute a quorum at that meeting.

K. Majority Vote.

The vote of Owners holding a majority of the vote present in person or by proxy at a meeting at which a quorum is present shall be binding upon all such Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by law. In the event that any vote of the Owners ends in a 3-3 tie, the tie shall be broken by weighting each Owner's vote in accordance with their Unit's square footage as further described in the second paragraph of Section I.A, Subsection 1 above.

L. Attendance.

All meetings of the Association and Board are open to every Owner, or to any person designated by an Owner in writing as the Owner's representative. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue.

M. Conduct of Meetings.

This Article II is and shall constitute the Association's responsible governance policy regarding the conduct of meetings of the Members as required under §209.5(1)(b)(III) of the Act.

ARTICLE III OFFICERS

A. Designation.

The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be appointed by the Board. The Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The President and Vice President, but no other officers, need to be directors. Any two offices may be held by the same person. The office of Vice President may be vacant.

B. Election of Officers.

The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board. They shall hold office at the pleasure of the Board.

C. Removal of Officers.

Upon the affirmative vote of a majority of directors, any officer may be removed, either with or without cause. A successor may be appointed at any regular meeting of the Board or at any special meeting of the Board called for that purpose.

D. President.

The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Owners and of the Board. The President shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including, but not limited to, the power to appoint committees from among the Owners, and others as permitted in the Declaration, from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association. The President may fulfill the role of Treasurer in the absence of the Treasurer. The President may cause to be prepared and may execute amendments, attested by the Secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

E. Secretary.

The Secretary shall keep the minutes of all meetings of the Owners and the Board. The Secretary shall have charge of the Association's books and papers as the Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The Secretary may cause to be prepared and may attest to execution by the President of amendments to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

F. Treasurer.

The Treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The Treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board. Except for reserve funds described below, the Treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the Treasurer, and executed by the directors, one of whom may be the Treasurer if the Treasurer is also a director.

G. Agreements, Contracts, Deeds, Checks, etc.

Except as otherwise provided in these bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person(s) designated by the Board.

H. Statements of Unpaid Assessments.

The Treasurer, assistant treasurer, a Managing Agent employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid Assessments, in accordance with §316 of the Act and Section 10.10 of the Declaration.

The Association may charge a reasonable fee for preparing certificates or statements of unpaid Assessments. Any unpaid fees may be assessed against the Unit for which the certificate or statement is furnished.

If an account has been turned over to the Association's attorney, a request for a statement of unpaid Assessments with respect to such account may be handled through the attorney.

ARTICLE IV ENFORCEMENT

A. Unpaid Assessments.

The Association hereby adopts the following policies and procedures for the collection of Assessments and other charges of the Association. Failure of the Association to comply with

any provision in this Article IV shall not be deemed a defense to payment of any Assessment, charge or cost of enforcement.

1. *Due Dates.* The monthly installments of the Annual Assessment, as determined by the Association, shall be due and payable on the first day of each month. Assessments or other charges not paid in full to the Association within five days of the due date shall be considered past due and delinquent. Assessments or other charges not paid in full to the Association within five days of the due date shall incur late charges and interest as provided below.

2. *Receipt Date.* The Association shall post payments on the day that the payment is received in the Association's or Managing Agent's office.

3. *Late Charges on Delinquent Installments.* The Association shall impose on a monthly basis a Fifty and No/100 Dollars late charge for each month that each and every Assessment installment remains past due, which late charges shall commence in the month that the Assessment is first due. The Association shall also assess an interest charge from the due date at the yearly rate of six points above the prime rate charged by the Association's bank, or such other lawful rate as the Board may establish, not to exceed twenty-one percent per year for each Owner who fails to pay an Assessment installment within five days of the due date.

4. *Personal Obligation.* The late charge shall be the personal obligation of the Owner of the Unit for which such Assessment installment is unpaid. All late charges shall be due and payable immediately, without notice, in the manner provided by the Declaration (and as set forth herein) for payment of Assessments.

5. *Returned Check Charges.* In addition to any and all charges imposed under the Association Documents, a Fifty and No/100 Dollar fee (or any higher amount permitted by Colorado law) shall be assessed against an Owner in the event any check or other instrument attributable to or payable for the benefit of such Owner is not honored by the bank or is returned by the bank for any reason whatsoever, including, but not limited to, insufficient funds. Such returned check charge shall be due and payable immediately, upon demand. Notwithstanding this provision, the Association shall be entitled to all additional remedies as may be provided by applicable law. Returned check charges shall be the obligation of the Owner of the Unit for which payment was tendered to the Association. This returned check charge may be in addition to any late charges or other costs of enforcement charged to the Owner.

If two or more of an Owner's checks are returned unpaid by the bank within any calendar year, the Association may require that all of said Owner's future payments, for a period of one year, be made by certified check or money order. Any returned check shall cause an account to be past due if full payment of the Assessment installment is not timely made within five days of the due date.

6. *Costs of Enforcement.* The Association is entitled to recover the costs of enforcement incurred by the Association in the collection of Assessments or other charges due the Association from a delinquent Owner. Costs of enforcement shall be due and payable immediately when incurred, upon demand.

7. *Application of Payments.* All sums collected on a delinquent account that has been turned over to the Association's attorney shall be remitted to the Association's attorney until the account is brought current. All payments received on account of any Owner shall be applied to payment of any and all legal fees and costs (including attorneys' fees), costs of enforcement and collection, late charges, returned check charges, lien fees, and other costs owing or incurred with respect to such Owner pursuant to the Association Documents, prior to application of the payment to any Assessments due or to become due with respect to such Owner.

8. *Delinquent Account Referrals.* Upon referral of a delinquent account to the Association's attorney, the attorney shall take all appropriate action to collect the account referred. After an account has been referred to an attorney, the account shall remain with the attorney until the account is settled, has a zero balance, or is written off by the Association. Subject to Section IV.A, Subsection 9 below, the Association's attorney, in consultation with the Managing Agent, is authorized to take whatever action is necessary and determined to be in the best interests of the Association, including, but not limited to:

- a. Filing of a suit against the delinquent Owner for a money judgment;
- b. Instituting a judicial foreclosure action of the Association's lien;
- c. Filing necessary claims, documents and motions in bankruptcy court in order to protect the Association's interests; and
- d. Filing a court action seeking appointment of a receiver.

All payment plans involving accounts referred to an attorney for collection shall be set up and monitored through the attorney.

9. *Collection Process.* After an installment of an Assessment or other charges due to the Association becomes more than thirty days delinquent, the Managing Agent shall send a written notice ("First Notice") of non-payment, the amount past due, notice that interest and late fees have accrued and a request for immediate payment.

After an installment of an Assessment or other charges due to the Association becomes more than sixty days delinquent, the Managing Agent shall send a second written notice ("Second Notice") of non-payment, the amount past due, notice that interest and late fees have accrued, notice of intent to file a lien and request for immediate payment.

After an installment of an Assessment or other charges due to the Association becomes more than ninety days delinquent, the Managing Agent shall turn the account over to the Association's attorney for collection. Upon receiving the delinquent account, the Association's attorney shall file a lien and send a letter to the delinquent Owner demanding immediate payment of all past due Assessments and other charges due.

Upon further review, the Association's attorney may file a lawsuit. If a judgment or decree is obtained, including, without limitation, a foreclosure action, such judgment or decree shall include reasonable attorneys' fees, together with the cost of the action and any applicable interest and late charges.

In addition to the steps outlined above, the Association may elect to suspend the voting rights of any Owner whose account is past due at the time of such voting.

10. *Acceleration/Deceleration of Assessments.* The Board may accelerate and call due the entire unpaid Assessment on any delinquent account. Such acceleration shall result in the entire unpaid Assessment being due to the Association immediately. The Board also reserves the right to decelerate any such accelerated Assessment. In the event notice of acceleration is given to a delinquent Owner, the Owner shall also be charged any costs of enforcement incurred by the Association in giving notice of such acceleration.

11. *Bankruptcies and Foreclosures.* Upon receipt of any notice of a bankruptcy filing by an Owner, or upon receipt of a notice of a foreclosure by any holder of an encumbrance against any Unit, the Managing Agent shall notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

12. *Appointment of a Receiver.* The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of Assessments. A receiver is a disinterested person appointed by the court who manages the rental of the Unit, collects the rent and disburses the rents according to the court's order. The purpose of a receivership for the Association is to obtain payment of current Assessments, reduce past due Assessments, and prevent the waste and deterioration of the Unit.

13. *Judicial Foreclosure.* The Association may choose to foreclose on its Assessment lien in lieu of or in addition to suing an Owner for a money judgment. The purpose of foreclosing is to obtain payment of all Assessments owing in situations where either a money judgment lawsuit has been or is likely to be unsuccessful or other circumstances favor such action.

14. *Waivers.* The Board is hereby authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Board shall determine appropriate under the circumstances.

15. *Communication with Owners.* All communication with a delinquent Owner shall be handled through the Association's attorney once the matter has been referred to the attorney. Neither the Managing Agent nor any director of the Board shall discuss the collection of the account directly with an Owner after it has been turned over to the Association's attorney unless the attorney is present or has consented to the contact.

The provisions of this Section IV.A constitute the Association's responsible governance policy regarding the collection of unpaid Assessments as required by §209.5(1)(b)(I) of the Act.

B. Abatement.

The violation of any provision of the Association Documents shall give the Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the Association Documents:

1. To enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements or another Unit contrary to the intent and meaning of the provisions of the Association Documents. The Board shall not be deemed liable for any manner of trespass by this action; or

2. To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

C. Fine for Violation.

Pursuant to the procedures set forth in the Association Documents, the Board may levy fines for violations of the Association Documents.

D. Notice and Hearing.

Except as otherwise expressly stated in the Association Documents, the Board shall not impose a fine, suspend voting rights, or infringe upon other rights of an Owner for violations of the Association Documents unless the notice and hearing procedures set forth in these Bylaws are followed; *provided, however*, such procedures shall not be necessary in order to impose any sanction or penalty, or pursue any remedy, for non-payment of Assessments.

ARTICLE V INDEMNIFICATION

A. Actions Other Than By or in the Right of the Association.

The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a member of the Board or officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs), judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a

presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe his or her conduct was unlawful.

B. Actions By or in the Right of the Association.

The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a member of the Board or officer of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believed to be in the best interests of the Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence, recklessness, or willful misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

C. Successful on the Merits.

To the extent that a member of the Board or any Managing Agent, officer, project manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Sections V.A or V.B above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorneys' fees and costs) actually and reasonably incurred by him or her in connection therewith.

D. Determination Required.

Any indemnification under Sections V.A or V.B above (unless ordered by a court) and as distinguished from Section V.C above, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the member of the Board or officer of the Association is proper under the circumstances because such individual has met the applicable standard of conduct set forth in Sections V.A or V.B above. Such determination shall be made by the Board by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if a majority of disinterested members of the Board so directs, by independent legal counsel or by members entitled to vote thereon. Such determination shall be reasonable, based on substantial evidence of record, and supported by a written opinion. The Board shall provide a copy of its written opinion to the officer or Board member seeking indemnification upon request.

E. Payment in Advance of Final Disposition.

The Association shall pay for or reimburse the reasonable expenses incurred by a former or current member of the Board or officer of the Association who is a party to a proceeding in advance of final disposition of the proceeding if (1) the member of the Board or officer of the Association furnishes to the Association a written affirmation of the individual's good faith belief that he or she has met the standard of conduct described in Sections V.A or V.B above, (2) the Board member or officer furnishes to the Association a written understanding, executed personally or on the Board member's or officer's behalf to repay the advance if it is ultimately determined that the Board member or officer did not meet the standard of conduct, and (3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article V. The undertaking required in this Section V.E shall be an unlimited general obligation of the Board but need not be accepted by the Board member or officer or may be accepted without reference to the financial ability to make repayment.

F. No Limitation of Rights.

The indemnification provided by this Article V shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Board, or otherwise, nor by any rights which are granted pursuant to the Act and the Nonprofit Act. Upon a vote of the Board, the Association may also indemnify a member appointed by the Board to serve on a committee (when such committee member is not also a member of the Board) upon such terms and conditions as the Board shall deem just and reasonable.

G. Directors' and Officers' Insurance.

The Association shall purchase and maintain insurance on behalf of any person who is or was a member of the Board or an officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under the provisions of this Article V.

ARTICLE VI BOOKS AND RECORDS

A. The Association shall keep as permanent records minutes of all meetings of the Owners and the Board, a record of all actions taken by the Owners or Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association, and a record of all waivers of notices of meetings of the Owners and of the Board or any committee of the Board.

The Association or its agent shall maintain a record of Owners in a form that permits preparation of a list of the names and addresses of all Owners, showing the vote to which each

Owner is entitled.

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

The Association shall maintain accurate and complete accounting records.

Except as otherwise provided below, all financial and other records shall be made reasonably available for examination and copying by any Owner and such Owner's authorized agents. However, membership lists, or any part thereof, may not be obtained or used by any person for any purpose unrelated to an Owner's interest as an Owner without consent of the Board. Without limiting the generality of the foregoing, a membership list or any part thereof may not be used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the Association, may not be used for commercial purposes or sold to or purchased by any person. In addition, the Association shall make available to prospective purchasers copies of the Declaration, Bylaws, and any rules and regulations, and the most recent annual audited financial statement, if such is prepared.

The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of Association records.

As used in this Section VI.A, "reasonably available" means available during normal business hours, upon notice of five business days, or at the next regularly scheduled meeting if such meeting occurs within thirty days after the request, to the extent that:

1. The request is made in good faith and for a proper purpose;
2. The request describes with reasonable particularity the records sought and the purpose of the request; and
3. The records are relevant to the purpose of the request.

In addition to the records specified above in this Section VI.A, the Association shall keep a copy of each of the following records at its principal office:

- i. Its Articles of Incorporation;
- ii. The Declaration;
- iii. Its Bylaws;
- iv. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;

v. The minutes of all Owners' meetings, and records of all action taken by the Owners without a meeting, for the past three years;

vi. All written communications within the past three years to Owners generally as Owners;

vii. A list of the names and business or home addresses of its current directors and officers;

viii. For the past three years, its annual report, if any, budget, financial statements, receipts and expenditures affecting the finances, operation and administration of the Association; and

iv. All financial audits or reviews conducted pursuant to §303(4)(b) of the Act during the immediately preceding three years.

B. Within ninety days after assuming control from Declarant pursuant to §303(5) of the Act, the Association shall make the following information available to Owners upon reasonable notice:

1. The name of the Association;

2. The name of the Association's designated agent or Managing Agent, if any;

3. A valid physical address and telephone number for both the Association and the designated agent or Managing Agent, if any;

4. The name of the common interest community;

5. The initial date of recording of the Declaration; and

6. The reception number or book and page for the main document that constitutes the Declaration.

In addition, if the Association's address, designated agent, or Managing Agent changes, the Association shall provide all Owners with an amended notice within ninety days after the change.

C. Within ninety days after assuming control from Declarant pursuant to §303(5) of the Act, and within ninety days after the end of each fiscal year thereafter, the Association shall make the following information available to Owners upon reasonable notice:

1. The date on which its fiscal year commences;

2. Its operating budget for the current fiscal year;

3. A list, by Unit type, of the Association's current Assessments, including both Annual Assessments and Special Assessments;

4. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;

5. The results of its most recent available financial audit or review;

6. A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;

7. All of the Association's Bylaws, Articles, and rules and regulations; and

8. The minutes of the Board and Member meetings for the fiscal year immediately preceding the current annual disclosure.

D. It is the intent of this Article VI to allow the Association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to Owners at their convenience. Disclosure shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first-class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a common expense.

E. At the discretion of the Board or upon request pursuant to this Section VI.E, the books and records of the Association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, by an independent and qualified person selected by the Board. Such person need not be a certified public accountant except in the case of an audit. A person selected to conduct a review shall have at least a basic understanding of the principles of accounting as a result of prior business experience, education above the high school level or bona fide home study. The audit or review report shall cover the Association's financial statements, which shall be prepared using generally accepted accounting principles or the cash and tax basis of accounting.

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

1. The Association has annual revenues or expenditures of at least Two Hundred Fifty Thousand and No/100 Dollars; and

2. An audit is requested by the Owners of at least one-third of the Units represented by the Association.

A review shall be required under this Section VI.E only when requested by the Owners of at least one-third of the Units represented by the Association.

Copies of an audit or review under this Section VI.E shall be made available upon request to any Owner beginning no later than thirty days after its completion.

F. Books and Records.

The provisions of this Article VI constitute the Association's responsible governance policy regarding the inspection and copying of Association records by Members as required by §209.5(1)(b)(V) of the Act.

**ARTICLE VII
MISCELLANEOUS**

A. Notices.

All notices to the Association or the Board shall be delivered to the office of the Managing Agent, or, if there is no Managing Agent, to the office of the Association, or to such other address as the Board may designate by written notice to all Owners and to all holders of security interests in the Units who have notified the Association that they hold a security interest in a Unit. Except as otherwise provided herein or in the Declaration, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. In the event any Unit is owned by multiple Owners, any one of the Owners may be designated for notice purposes. All notices to holders of security interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Association Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

B. Fiscal Year.

The fiscal year of the Association is hereby set as the calendar year.

C. Waiver.

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

D. Office.

The principal office of the Association shall be as provided in the Articles. Any future principal office of the Association shall be at the Project or at such other place as the Board may from time to time designate.

E. Reserves.

1. As a part of the adoption of the regular budget, the Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the General Common Elements and those Limited Common Elements that it is obligated to maintain, based upon the Project's age, remaining life and the quantity and replacement cost of major common element improvements.

All transactions involving reserve funds shall require prior approval by the Board, and such approval shall be documented in the Board's meeting minutes. Audits conducted pursuant to Section VI.E above should be used in reviewing the adequacy of reserves, as well as the spending of reserve funds.

All actions by the Board regarding the investment of any reserve funds shall be made in good faith with the care an ordinarily prudent person in a like position would exercise, and in a manner the Board reasonably believes to be in the best interests of the Association. The officers and members of the Board shall be subject to the standards set forth in C.R.S. 7-128-401, except that, as used in that section: "Corporation" or "nonprofit corporation" means the Association; "Director" means a member of the Board; and "Officer" means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under this paragraph, including, without limitation, a Managing Agent, attorney or accountant employed by the Board.

In investing any reserve funds, the Board shall consider the Association's short term and long term needs, as well as the Association's financial requirements and goals and the Association's purpose. The Association's overall objective with respect to any investment of reserve funds shall be the protection of the principal reserve funds invested and not maximization of returns on the investment. The Board may delegate investment authority, provided reasonable care and skill is used in selecting the agent, directing the agent and reviewing the agent's performance. The reserve funds investment policies stated herein shall be communicated in writing to such agent. The Board shall engage only licensed, insured, and bonded brokers and agents in investing any reserve funds.

The provisions of this Subsection 1 constitute the Association's responsible governance policy regarding the investment of reserve funds as required by §209.5(1)(b)(VI) of the Act.

2. The Board may consider conducting a reserve study with the assistance of a reserve study specialist. Any such reserve study will include both a physical analysis and a financial analysis as follows:

a. The physical analysis should include:

i. A component inventory identifying those portions of the Project the Association is obligated to maintain, including the useful life of each component.

ii. A condition assessment of each component on the component inventory by on-site inspection.

iii. Estimates of the remaining useful life and replacement costs of each component.

b. The financial analysis shall include:

i. An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.

ii. A future funding plan to meet the requirements of the reserve study.

If and when the Association determines to conduct a reserve study, it will cause the reserve study to be periodically reviewed and updated as necessary, and will determine whether to use a reserve study specialist at that time. Any review will determine increases in replacement costs and decreases in remaining useful lives of the Common Element components of the reserve study to adequately address changes to be made to the reserve study.

The provisions of this Subsection 2 constitute the Association's responsible governance policy regarding the requirements for a reserve study as required by §209.5(1)(b)(IX) of the Act.

F. Adoption of Policies.

The Board may from time to time adopt certain policies as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in the Association's governing documents, or as may be required by law.

1. The Board shall consider the following in drafting any Association policy:

a. Whether the Association's governing documents or Colorado law grants the Board the authority to adopt such a policy;

b. The need for such policy based upon the scope and importance of the issue and whether the governing documents adequately address the issue; and

c. The immediate and long-term impact and implications of the policy.

2. A copy of the proposed policy shall be provided to all Owners or posted on the Association's web site, if any, and Owners shall be allowed a minimum of thirty days to provide comment and/or feedback on the proposed policy. The Board may forego the notice and opportunity to comment in the event the Board determines in its sole discretion that providing notice and opportunity to comment is not practical given the emergency nature of such policy.

3. After the period for Owner comment expires, the Board may adopt any policy consistent with the Act, the Nonprofit Act, and the Association's governing documents. Upon adoption of a policy, the policy or notice of such policy, including the effective date shall be provided to all Owners by any reasonable method as determined in the sole discretion of the Board, including, but not limited to, posting on the Association's web site (if any) or mailing.

4. The Board, or the manager at the direction of the Board, shall keep current copies of any and all adopted policies in a book designated as the "Association Policies Book."

The provisions of this Section VII.F constitute the Association's responsible governance policy regarding the adoption and amendment of policies as required by §209.5(1)(b)(VII) of the Act.

ARTICLE VIII ENFORCEMENT

A. Any complaint which alleges a violation of the Association Documents shall be made in writing and shall contain (1) the name, Unit number and phone number of the complaining witness, (2) the name and Unit number of the violator, (3) the specific details or description of the violation, including the date, time and location where the violation occurred, and (4) the signature of the complaining witness and the date on which the complaint is made.

B. The Owner shall be notified of the complaint and alleged violation by the Board or its duly authorized agent. If the complaint is based on the conduct of the Owner's tenant (or an individual accessing the Unit on behalf of or with the permission of such Owner) such party shall also be notified in writing of the alleged violation.

C. Except as otherwise provided in the Association Documents, any Owner charged with a violation of the Association Documents is entitled to an opportunity for a hearing. If the Owner desires a hearing, the Owner must request a hearing in writing within seven days after the notice of violation has been delivered to the Owner, and the Owner must deliver such request to the Association or its Managing Agent.

D. If a request for a hearing is timely filed, a hearing on the complaint shall be held before the Board. The hearing shall be conducted no later than twenty-one days after receipt of the request for a hearing, as determined by the Board. An Owner may request an expedited hearing. At any such hearing, the Board shall hear and consider arguments, evidence or statements regarding the alleged violation. Following a hearing, the Board shall issue its written determination regarding the alleged violation. The decision of the Board shall be final and binding on the Owner and Association.

E. If no request for a hearing is filed within seven days, a hearing will be considered waived, the allegations in the violation notice shall be deemed admitted by default, and appropriate sanctions shall be imposed at a meeting of the Board.

F. If an Owner is found to have violated personally or is otherwise liable for a violation of the Association Documents the Owner shall be notified of the finding by the Board or its duly

authorized agents that a violation has occurred and the Board may elect to either (1) issue a warning, or (2) assess a fine. Where a fine is imposed, unless expressly provided in another section of the Association Documents, it shall be in the amount of \$100.00 for a single incident of violation of a given provision of the Association Documents, \$150.00 for a second single incident of violation of the same provision of the Association Documents, and \$200.00 for a third or subsequent single incident of violation of the same provision of the Association Documents; or the sum of \$50.00 per day for a violation of a continuing nature. A FINE FOR A VIOLATION OF A CONTINUING NATURE WILL CONTINUE UNTIL THE VIOLATION HAS BEEN ELIMINATED AND THE BOARD HAS RECEIVED NOTICE OF IT.

If found to be guilty of any violation, the Owner shall also be responsible to pay for any damage or any unauthorized condition at the Project for which the Owner has been found responsible, to pay the costs of any repairs which have previously been made or will be made by the Association, or to pay any legal expenses and costs incurred by the Association as a result of the violation. Any damage to the Common Elements (including Limited Common Elements), which has been repaired by the Owner, must be inspected by the Board's representative to verify that the repair has been properly done. The cost of such inspection and any necessary repairs shall be assessed to the Owner as part of their share of the Common Expenses.

G. Any Owner assessed herein shall pay any charges imposed within thirty days of notification that such charges are due. Failure to make the payment on time shall subject the Owner to all of the legal or equitable remedies necessary for the collection thereof. All charges imposed herein shall be added to the Owner's account and shall be collectible as a Common Expense in the same manner as any Annual Assessment or Special Assessment against the Unit.

H. Time is of the essence of this policy. Notices are deemed delivered either (1) at the time of delivery if by personal delivery, or (2) on the second business day after deposit in the U.S. Mail.

I. The remedies provided for herein are not exhaustive, and the Board may, in addition, take any action provided at law, in equity, or in the Declaration or Bylaws to prevent or eliminate violations of the Association Documents. This Article VIII is and shall constitute the Association's responsible governance policy regarding the enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines as required by §209.5(1)(b)(IV) of the Act.

ARTICLE IX DISPUTE RESOLUTION

This Article IX shall constitute the Association's responsible governance policy regarding the procedure for addressing disputes arising between the Association and Owners as required by 209.5(1)(b)(VIII) of the Act, other than violation hearings that are subject to other procedures set forth in Article VIII above.

A. In the event that an Owner has a dispute with the Association, the Owner must first give written notice to the Board of such dispute and must attend a meeting with the Board to discuss

amicable resolution of any dispute before that Owner files any lawsuit against the Association, the Board, any director, or any agent of the Association. The Owner shall, in such notice and at the meeting, make a good faith effort to explain the grievance to the Board and to resolve the dispute in an amicable fashion, and shall give the Board a reasonable opportunity to address the Owner's grievance before filing suit. Upon receiving a request for a meeting, the Board shall give notice of the date, time, and place of the meeting to the Owner requesting the meeting. The Board shall schedule this meeting for a date not less than seven (7) or more than twenty-one (21) days from the date of the receipt of the notice of meeting by the Owner requesting the meeting.

B. In the event that the Owner's issues are not resolved in the meeting, any further dispute between the Association and any Owner with respect to a matter other than delinquent Assessments or enforcement of Board decisions, shall be submitted to arbitration at a location in Denver, Colorado under the supervision, rules, and procedures of the American Arbitration Association then in effect. The arbitration panel shall consist of one (1) arbitrator unless one or more of the parties to the arbitration demands a panel of three (3) arbitrators. Disputes between Owners that are not regulated by the Declaration shall not be subject to this dispute resolution process.

C. Discovery in such arbitration will be conducted in accordance with the Colorado Rules of Civil Procedure, except that all discovery must be completed within one hundred eighty (180) days after selection of the arbitrators.

D. If the parties to the dispute are unable to agree on the selection of an arbitrator(s), then the American Arbitration Association will select and implement a method for selection of the arbitrator(s). The decision of the arbitrators in such cases will be final and binding.

E. The cost of the arbitration proceedings, including reasonable attorneys' fees and expenses of the parties, will be paid by the party(ies) which is not or are not the substantially prevailing party(ies) in the arbitration proceedings (in equal shares, if there are more than one such non-prevailing parties). In any arbitration hereunder, the arbitrators will determine, in addition to any matters submitted by the parties, which party(ies) is or are the substantially prevailing party(ies). The prevailing party(ies) will be the party(ies) who prevail(s) on substantially more of the matters submitted to arbitration, including, without limitation, claims, defenses, remedies, and amounts of damages sought, than any of the other party(ies) to the arbitration. However, all parties to the arbitration shall share equally in all fees required to be paid to the American Arbitration Association and/or the arbitrators, subject to reimbursement of such fees to the prevailing party(ies) from the non-prevailing party(ies).

ARTICLE VIII AMENDMENTS TO BYLAWS

A. These Bylaws may be amended by a majority vote of the members of the Board.

B. Notwithstanding the foregoing, amendments to these Bylaws are subject to the provisions of the articles and the Declaration.

[THESE BYLAWS WERE ADOPTED BY ACTION OF THE OWNERS DATED AUGUST 10, 2011]

Exhibit C

(2011 Budget)

[See Attached]