

AMENDED AND RESTATED BYLAWS
OF
DILLON VALLEY EAST CONDOMINIUM ASSOCIATION

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AMENDED AND RESTATED BYLAWS
OF
DILLON VALLEY EAST CONDOMINIUM ASSOCIATION

ARTICLE I.
GENERAL

Section 1.1 Name. The name of the corporation is Dillon Valley East Condominium Association. It is a Colorado nonprofit corporation (the “Association”).

Section 1.2 Purpose of Bylaws. The purpose for which the Association is formed is to govern the Units, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in the Condominium Declaration for Dillon Valley East Condominium, and any amendments and supplements thereto, recorded in the office of the Clerk and Recorder of Summit County, Colorado (“Declaration”), and the Association’s Articles of Incorporation, and any amendments thereto, filed with the Colorado Secretary of State (“Articles of Incorporation”), and these Bylaws. All Members and any other Person who may use the Units, or any portion thereof, or any facilities or appurtenances thereto or thereon shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Association Documents. The mere acquisition, rental or occupancy of any Unit, or any portion thereof, shall signify that all terms and provisions of the Association Documents are accepted and shall be complied with.

Section 1.3 Terms Defined in Declaration. Terms which are defined in the Declaration shall have the same meanings in these Bylaws unless such terms are otherwise defined in these Bylaws.

Section 1.4 Controlling Laws and Instruments. These Bylaws are controlled by and shall always be consistent with the provisions of the Condominium Ownership Act, the Colorado Revised Nonprofit Corporation Act, CCIOA, the Declaration, and the Articles of Incorporation of the Association, as any of the foregoing may be amended or supplemented from time to time. In the event of a conflict in the terms of the Declaration and the Articles of Incorporation, the Declaration shall control. In the event of a conflict in the terms of the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE II.
OFFICES

Section 2.1 Principal Office. The principal office of the corporation shall be as determined by the Board of Directors, but meetings of Members and Directors may be held at such places within the State of Colorado as may from time to time be designated by the Board“”. If no physical place is described in the notice, the meeting shall be deemed to occur at the

Association's principal place of business.

Section 2.2 Registered Office and Agent. The Colorado Revised Nonprofit Corporation Act requires that the Association have and continuously maintain in the State of Colorado a registered office and a registered agent who resides in the State of Colorado and whose business office is identical with such registered office. The registered office need not be the same as the principal office of the Association. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association, but may be changed by the Association at any time, without amendment to the Articles of Incorporation, by filing a statement as specified by law in the office of the Secretary of State of Colorado.

Section 2.3 Registration With Colorado Department of Regulatory Agencies. The Association shall annually register with the Colorado Department of Regulatory Agencies, Division of Real Estate, HOA Information Office and Resource Center, or any replacement of such agency as required by Colorado law.

ARTICLE III. MEMBERS

Section 3.1 Members. A "Member" of the Association is as defined in the Declaration. The Association shall have one class of Members.

Section 3.2 Memberships Appurtenant to Units. Each Membership shall be appurtenant to the fee simple title to a Unit. The Member(s) which has fee simple title to a Unit shall automatically be the holder of the Membership therefor, and the Membership shall automatically pass with fee simple title to the Unit. No Member may resign his, her or its Membership without the conveyance of fee simple title to the Unit.

Section 3.3 Members Votes. The Owners of each Unit shall be entitled to a voting interest equivalent to that undivided percentage ownership in the Common Elements allocated to such Unit, as set forth in Exhibit B to the Declaration.

Section 3.4 Voting by Joint Members. If there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the persons holding such interest shall determine between themselves, provided that in no event shall more than one vote be cast with respect to any Unit. If, however, the Owners of a Unit are unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. The vote of an entity Member may be cast by any authorized or apparent representative of the entity in the absence of express notice of the designation of a specific person by the governing body of such entity.

Section 3.5 Resolution of Voting Disputes. In the event of any dispute as to the

entitlement of any Member to vote or as to the results of any vote of Members at a meeting, the Board shall act as arbitrators and the decision of a disinterested majority of the Board shall, when rendered in writing, be final and binding as an arbitration award and may be acted upon in accordance with the Colorado Uniform Arbitration Act of 1975, as amended.

Section 3.6 Suspension of Voting Rights. The Board may suspend, after notice and hearing as provided herein, the voting rights of a Member during and for up to sixty (60) days following any breach by such Member or a Permitted User of any provision of the Declaration or of any rule or regulation adopted by the Association unless such breach is a continuing breach, in which case such suspension may continue for so long as such breach continues and for up to sixty (60) days thereafter.

Section 3.7 Transfer of Memberships on Association Books. Transfers of Memberships shall be made on the books of the Association only upon presentation of evidence, satisfactory to the Association, of the transfer of ownership of the Unit to which the Membership is appurtenant. Prior to presentation of such evidence, the Association may treat the previous owner of the Membership as the owner of the Membership entitled to all rights in connection therewith, including the right to vote and to receive notices.

Section 3.8 Assignment of Voting Rights to Tenants and First Mortgagees. A Member may assign its right to vote to a First Mortgagee or Permitted User of its Unit, for the term of the First Mortgage or lease. Any such assignment of voting rights and any revocation or termination of any assignment of voting rights shall be in writing and shall be filed with the Secretary of the Association.

ARTICLE IV. MEETINGS OF MEMBERS

Section 4.1 Place of Members' Meetings. Meetings of Members shall be held at the principal office of the Association or at such other place as may be fixed by the Board from time to time and specified in the notice of the meeting. If no physical place is described in the notice, the meeting shall be deemed to occur at the Association's principal place of business.

Section 4.2 Annual Meetings of Members. An annual meeting of the Members shall be held at least once per year on a date and at a time selected by the Board. At each annual meeting, the Members shall elect Directors to fill vacancies in accordance with the provisions of the Declaration and the Articles of Incorporation and conduct such other business as may properly come before the meeting.

Section 4.3 Special Meetings of Members. Special meetings of the Members may be called by the President or as directed by resolution of the Board, and shall be called by the Board upon receipt of a petition signed by Owners of at least twenty percent (20%) of the votes in the

Association.

Section 4.4 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting, not less than ten (10) nor more than fifty (50) days before the date of the meeting, either by hand delivery or by United States mail, to each Member entitled to vote at such meeting. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration, the Articles, or these Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. Notice shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable. Such physical posting is in addition to any electronic posting or electronic mail notices that the Board may determine to post. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail addressed to the Member at the address of his, her or its Unit or to any other mailing address designated in writing by the Member, with postage thereon prepaid; if delivered, such notice shall be deemed to have been delivered on the date of actual delivery thereof. In the event Colorado law permits notice of meetings of the Members to be delivered in any other manner, the Association may provide notice in compliance with the law.

Section 4.5 Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or in order to make a determination of such Members for any other proper purpose, the Board may fix, in advance, a date as the record date for any such determination of Members. The record date shall be not more than fifty (50) days prior to the meeting of Members or the event requiring a determination of Members.

Section 4.6 Proxies. A Member entitled to vote may vote in person or by proxy executed in writing by the Member or its duly authorized attorney-in-fact and filed with the Secretary of the Association prior to the time the proxy is exercised. A Member may appoint a proxy by signing an appointment form, either personally or by the Member's attorney-in-fact. A Member may appoint a proxy by delivering or transmitting a facsimile, or other electronic transmission providing a written statement of the appointment to the proxy, to any officer of the Association or the Association's managing agent, if any. A proxy shall automatically cease upon the conveyance of the Member's Unit and the transfer of the Membership on the books of the Association. No proxy shall be valid after eleven (11) months from its date. A proxy is void if it is not dated or if it purports to be revocable without notice. Appointment of a proxy is revoked by the person appointing the proxy: (a) attending any meeting and voting in person; or (b) signing and delivering to the Secretary or other officer or agent authorized to tabulate proxy votes either a writing stating that the appointment of the proxy is revoked or a subsequent appointment form. A proxy shall not be valid if obtained through fraud or misrepresentation.

Section 4.7 Quorum at Members' Meetings. Except as may be otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws, a quorum is deemed present if

persons representing ten percent (10%) or more of the undivided ownership of the General Common Elements and who are eligible to vote are present, in person or by proxy, at the beginning of the meeting. A quorum of Members who are present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of Members so as to leave less than a quorum.

Section 4.8 Adjournments of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum is present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods not to exceed thirty (30) days after the date set for the original meeting.

Section 4.9 Vote Required at Members' Meetings. At any Members' meeting, if a quorum is present, in person or by proxy, a majority of the votes present in person or by proxy and entitled to be cast on a matter shall be necessary for the adoption of the matter, unless a greater percentage is required by law, the Declaration, the Articles of Incorporation or these Bylaws; except that in the case of elections in which there are more candidates than positions to be filled, the person (or persons if there is more than one position to be filled) receiving the highest number of votes cast shall be elected. Votes for contested positions on the Board shall be taken by secret ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the Members who are present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all Members are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Unit Owners who are selected or appointed at an open meeting, in a fair manner, by the chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board members and, in the case of a contested election for a Board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to names, addresses, or other identifying information of Unit Owners participating in the vote. No Member who is not in Good Standing is entitled to vote.

Section 4.10 Acceptance or Rejection of Vote, Consent, Ballot, Waiver or Proxy.

a. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the Secretary of the Association, or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

b. The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in good faith and in accordance with the standards of this Section 4.10 are not liable in damages for the consequences of the acceptance or rejection.

c. Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment or proxy appointment revocation under this Section 4.10 is valid unless a court of competent jurisdiction determines otherwise.

Section 4.11 Member Participation at Meetings. All meetings of the Association and Board are open to every Member, or to any person designated by a Member in writing as the Member's representative, and Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board, Members who are not Board members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the majority of a quorum of the Board. The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or a Member's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

Section 4.12 Cumulative Voting Not Permitted. Cumulative voting by Members is not permitted.

Section 4.13 Order of Business. The order of business at any meeting of Members shall be as follows:

- a. Roll call and certifying proxies;
- b. Proof of notice of meeting or waiver of notice;
- c. Reading of minutes of preceding meetings;
- d. Reports of Officers;
- e. Reports of Committees;
- f. Election of Directors;
- g. Unfinished business;
- h. New business; and,

i. Adjournment.

Section 4.14 Expenses of Meetings. The Association shall bear the expenses of all meetings of Members.

Section 4.15 Action of Members Without a Meeting. Any action required to be taken or which may be taken at a meeting of 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. All such writings must be received by the Association within sixty (60) days after the date the earliest dated writing describing and consenting to the action is received by the Association. Any such writing may be received by the Association by electronically transmitted facsimile or other form of wire or wireless communication providing the Association with a complete copy thereof, including a copy of the signature thereto. Action taken pursuant to this Section 4.15 shall be effective when the last writing necessary to effect the action is received by the Association, unless the writings describing and consenting to the action set forth a different effective date.

Section 4.16 Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of Members may be taken without a meeting if the Association delivers a written ballot to every Member entitled to vote on the matter. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot pursuant to this Section 4.16 shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter other than election of directors; specify the time by which a ballot must be received by the Association in order to be counted; and be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. In the event the action is for election of directors, there shall be space on the ballot for write in nominations. Action taken under this Section 4.16 has the same effect as action taken at a meeting of Members and may be described as such in any document.

ARTICLE V.
BOARD OF DIRECTORS

Section 5.1 General Powers and Duties of the Board of Directors. The Board shall have the duty to manage and supervise the affairs of the Association and shall have all powers necessary or desirable to permit it to do so. Without limiting the generality of the foregoing, the Board shall have the power to exercise or cause to be exercised all of the powers, rights and

authority not reserved to Members in the Declaration, the Articles of Incorporation, these Bylaws, the Condominium Ownership Act, the Colorado Common Interest Ownership Act as it applies to the Association, or the Colorado Revised Nonprofit Corporation Act.

Section 5.2 Qualifications of Directors. A Director shall be a natural person who is eighteen years of age or older and must be a Member or, if the Member is a limited liability company, partnership, corporation, trust or other type of entity, then a Director must be an authorized agent of such entity. If a Director conveys or transfers title to his or her Unit, then such Director's term shall immediately terminate and a new Director shall be selected as promptly as possible to take such Director's place. No two Directors shall be members from the same household. No Member may serve as a Director if such Member is not in Good Standing with the Association. Any Member, or person who is related by blood, marriage, adoption, or who is a member, manager, shareholder, director, officer, agent, or employee of a Member, who is an adverse party to the Association in any legal proceeding or action shall not be qualified to serve as a Director for the duration of the proceeding. If a Member is not qualified to serve as a Director, the Director's position shall be deemed vacant, and the vacancy may be filled in accordance with Section 5.7 of these Bylaws.

Section 5.3 Number of Directors. The number of directors of the Association shall be not less than five (5) nor more than seven (7) and may be increased or decreased from time to time by the Board so long as no decrease in number shall have the effect of shortening the term of any incumbent Director. Any increase in the number of Directors shall be filled by vote of the Members.

Section 5.4 Term of Office of Directors. The Board of Directors shall be divided into three (3) classes as nearly equal in number as may be possible, with the term of office of one class expiring each year. Any addition or decrease in the number of Directors' positions as provided by Section 5.3 shall be allocated among the classes in the same manner. Subject to the foregoing, at each annual meeting of Members the successors to the class of Directors whose term is then expiring shall be elected to hold office for a term of three (3) years.

Section 5.5 Nomination. Nomination for election to the Board may be made in any manner determined by the Board.

Section 5.6 Election. Contested elections for members of the Board shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

Section 5.7 Removal of Directors: Vacancies of Directors. Upon notice that one of the purposes of a Members' meeting is the proposed removal of one or more Directors, a majority of the Members may remove any member of the Board with or without cause, and a

successor may then and there be elected to fill the vacancy thus created. In the event of death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board, whether or not such remaining members constitute a quorum, and shall serve for the unexpired term of the Director being replaced.

Section 5.8 Resignation of Directors. Any Director may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 5.9 Executive Committee. The Board, by resolution adopted by a majority of the Directors in office, may, at any time and from time to time, appoint an Executive Committee, which shall include one or more Directors and which shall have and exercise such authority as the Board may from time to time delegate, except that no such committee shall exercise any of the authority prohibited by C.R.S. § 7-128-206.

Section 5.10 Other Committees. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more other committees, which may consist of or include Members who are not Directors. Any such committee shall have and may exercise such authority as shall be specified in the resolution creating such committee, except that no such committee shall exercise any of the authority prohibited by C.R.S. § 7-128-206. The Board shall have the right, from time to time and at any time, to add, remove or replace committee members.

Section 5.11 General Provisions Applicable to Committees. The appointment of any committee and the delegation thereto of authority shall not relieve the Board of any responsibility imposed upon it by law.

Section 5.12 Compensation. No Director shall receive compensation from the Association for serving on the Board. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties.

Section 5.13 Loyalty. All Directors are encouraged to share their views and opinions. Directors may vote in the minority on issues, however, once an issue is decided, each Director agrees to work within the Association's processes and systems to advance the approved issue and not to either individually, or in collaboration with others, intentionally sabotage or subvert the work of the Board or the issue decided upon.

ARTICLE VI. MEETINGS OF DIRECTORS

Section 6.1 Place of Directors' Meetings. Meetings of the Board shall be held at the principal office of the Association or at such other place as may be fixed from time to time by the Board and specified in the notice of the meeting. If no physical place is described in the

notice, the meeting shall be deemed to occur at the Association's principal place of business.

Section 6.2 Regular Meetings of Directors. The Board shall hold regular meetings at least quarterly and may, by resolution, establish in advance the times and places for regular meetings. No prior notice of any regular meetings need be given after establishment of the times and places thereof by resolution.

Section 6.3 Special Meetings of Directors. Special meetings of the Board may be called at any time by the President or upon the written request of any two or more members of the Board, upon not less than three (3) days' notice to each Director. The notice shall state the time, place and purpose of the meeting.

Section 6.4 Open Meetings. All regular and special meetings of the Board, or any committee thereof, shall be open to attendance by all Members or to any person designated by a Member in writing. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, Unit 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.

Section 6.5 Executive Meetings. Notwithstanding the foregoing in Section 6.4, the Board or a committee thereof may hold an executive or closed door session and may restrict attendance to Board members and other persons specified by the Board; provided that any such executive or closed door session may only be held in accordance with the provisions and requirements of the Colorado Common Interest Ownership Act, as amended from time to time, or other applicable law. The matters to be discussed at such an executive session shall include only the following matters:

- (a) matters pertaining to employees of the association or the managing agent's contract or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the association;
- (b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) investigative proceedings concerning possible or actual criminal misconduct;
- (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) any matter the disclosure of which would constitute an unwarranted invasion of

individual privacy; and

(f) review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as enumerated in paragraphs (a) to (f) above.

Section 6.5 Proxies. A Director shall not be entitled to vote by proxy at any meeting of Directors.

Section 6.6 Quorum of Directors. A majority of the number of Directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business.

Section 6.7 Vote Required at Directors' Meeting. Each Director shall be entitled to one vote. At any meeting of Directors, if a quorum is present, a majority of the votes present in person and entitled to be cast on a matter shall be necessary for the adoption of any matter, unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

Section 6.8 Order of Business. The order of business at all meetings of Directors shall be as determined by the Board, and in the absence of such a determination, shall be as follows: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) approval of minutes of preceding meetings; (d) reports of officers; (e) reports of committees; (f) unfinished business; and (g) new business.

Section 6.9 Officers at Meetings. Unless otherwise decided by the Board, the President shall act as chairman and the Secretary shall act as secretary at all meetings of the Members and the Board.

Section 6.10 Waiver of Notice. A waiver of notice of any meeting of the Board, signed by a Director, whether before or after the meeting, shall be equivalent to the giving of notice of the meeting to such Director. A Director's attendance at or participation in a meeting waives any required notice to that Director of the meeting unless such Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 6.11 Action of Directors Without a Meeting. Any action required to be taken or which may be taken at a meeting of Directors may be taken without a meeting upon written approval of a majority of the Directors then in office. Action taken without a meeting pursuant to this Section 6.11 has the same effect as action taken at a meeting of Directors and may be described as such in any document. All writings made pursuant to this Section 6.11 shall be filed

with the minutes of the meetings of the Board. Electronic mail communication from a Director shall be sufficient to meet the requirements of this Section.

Section 6.12 Participation by Electronic Means. The Board may permit any Director to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE VII. POWERS AND DUTIES OF THE BOARD

Section 7.1 Powers. The Board shall have the power to:

a. Adopt and publish Rules and architectural or design guidelines governing the Units, the Common Elements, the Project, or any portion thereof, and any improvements or facilities thereon and the personal conduct of the Members and their Permitted Users thereon, and to establish penalties for the infraction thereof;

b. Suspend the voting rights and the right of a Member or Permitted User to use Common Element amenities, after notice and hearing as provided herein, for up to sixty (60) days following any infraction by such Member or a Permitted User of any provision of the Declaration or of any rule or regulation adopted by the Association unless such infraction is a continuing infraction, in which case such suspension may continue for so long as such infraction continues and for up to sixty (60) days thereafter;

c. Enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description; provided, however, the Association's contract with a managing agent shall be terminable for cause without penalty to the Association. Any such contract shall be subject to renegotiation;

d. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Common Interest Community;

e. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not expressly reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

f. Declare the office of a member of the Board to be vacant in the event such member shall be absent from two (2) regular meetings of the Board during any one (1) year period;

g. Employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties; and

h. Provide for notice and hearing in compliance with the provisions of these Bylaws, through promulgation of procedures therefor.

Section 7.2 Duties. It shall be the duty of the Board to:

a. Cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to cast at least one-fourth (1/4) of the votes at such meeting;

b. Supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

c. As more fully provided in the Declaration, to:

1. Determine the amount of the annual assessment against each Unit, from time to time, in accordance with the Association budget, and revise the amount of the annual assessment if such budget is rejected by the Members; and

2. Foreclose the lien against any Unit for which assessments are not paid, or bring an action at law against the Member personally obligated to pay the same;

d. Issue, or cause an appropriate officer or authorized agent to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment as to all persons who rely thereon in good faith;

e. Procure and maintain insurance, as more fully provided in the Declaration;

f. Provide for maintenance, repair and reconstruction of the Common Elements, other parcels of real property, and improvements located thereon owned by the Association or in which the Association has a possessory interest, including obtaining insurance certificates for reasonable insurance coverage from all contractors, as more fully provided in the Declaration;

g. Keep financial records sufficiently detailed to enable the Association to comply with the requirement that it prove statements of unpaid assessments. All financial and other records shall be made reasonably available for examination and copying by any Member and such Member's authorized agents; and

h. Invest Association funds subject to any investment policy the Board may adopt which reflects the basic investment objectives of diversity, safety, liquidity and income return. At least annually, the Board shall make available to the Members information regarding the amount, type and rate of return, of the instruments, funds and accounts in which Association funds are invested or deposited;

i. At the discretion of the Board or upon request pursuant to subparagraph (1) or (2) of this paragraph (i) as applicable, 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 or tax basis of accounting. An audit shall be required under this subparagraph only when both of the following conditions are met:

1. the Association has annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000.00); and

2. an audit is requested by the Members to whom at least one-third (1/3) of the votes in the Association are allocated.

A review shall be required under this paragraph (i) only when requested by the Owners of at least one-third (1/3) of the Units. Copies of an audit or review shall be made available upon request to any Member beginning no later than thirty (30) days after its completion.

j. Adopt responsible governance policies required under Section 38-33.3-209.5 of the Act.

Any of the aforesaid duties (except as specified in Section 7.2.i.) may be delegated by the Board to any other person(s) or to the Manager.

Section 7.3 Limitation on Powers. The Board may not act on behalf of the Association to amend the Declaration, to terminate this Project, or to elect members of the Board or determine the qualifications, powers and duties, or terms of office of Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.

Section 7.4 Conflicts of Interest. If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board, or 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, then, in advance of entering into that contract, making the decision or taking the action, the interested Board member shall disclose the material facts as to the director's relationship or interest and as to the conflicting interest transaction. The Board may in good faith authorize, approve, or ratify 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.

Section 7.5 Association Not-for-Profit. This Association is not organized for profit. No Member, member of the Board of Directors, officer, or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no even shall nay part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or member; provided, however, always: (1) that reasonable compensation may be paid to any Member, Manager or officer while acting as an agent or employee of the Association, for services rendered in effecting one or more of the purposes of the Association; and, (2) that any Member, Manager, or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the Association's affairs. Rent receipts received by the managing Agent shall be deemed the property of the Owner and deposits to the Association bank account shall be deemed only as a convenience to Owners.

ARTICLE VIII. OFFICERS

Section 8.1 Officers, Employees and Agents. The officers of the Association shall consist of a President, a Vice-President, a Secretary, and a Treasurer and such assistant officers as the Board shall, from time to time, elect. Officers other than the President need not be Directors, but except as otherwise provided herein, each Officer shall be an owner of a Unit. The offices of President and Treasurer may be held by the same person, and the offices of Vice-President and Secretary may be held by the same person. The Board may delegate particular duties that are to be performed by its Officers to its agents.

Section 8.2 Appointment and Term of Office of Officers. The officers shall be elected or appointed by acclamation by the Board at the first meeting of the Board held subsequent to the annual meeting of the Members, and shall hold office for one (1) year, unless the officer sooner resigns or is removed, or shall otherwise be disqualified to serve.

Section 8.3 Removal of Officers. Any officer, employee or agent may be removed by the Board, with or without cause, whenever in the Board's judgment the best interests of the Association will be served thereby.

Section 8.4 Resignation of Officers. Any officer may resign at any time by giving written notice to the President, to the Secretary or to the Board stating the effective date of such

resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

Section 8.5 Vacancies in Offices. Any vacancy occurring in any office may be filled by the Board. An officer appointed to fill a vacancy shall be appointed for the unexpired term of its predecessor in office.

Section 8.6 President. The President shall be a member of the Board and shall be the principal executive officer of the Association. The President shall preside at all meetings of the Board and at all meetings of the Members. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the Association's affairs or as may be established by the Board or by the Association's Members at any regular or special meetings.

Section 8.7 Vice Presidents. The Vice President may act in place of the President in case of his/her death, absence or inability to act, and shall perform such other duties and have such authority as is from time to time delegated by the Board or by the President.

Section 8.8 Secretary. The Secretary shall be the custodian of the records of the Association; shall see that all notices are duly given in accordance with the provisions of these Bylaws and as required by law and that the books, reports and other documents and records of the Association are properly kept and filed; shall take or cause to be taken and shall keep minutes of the Board and of committees of the Board; shall keep at the principal office of the Association a record of the names and addresses of the Members; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned by the Board or by the President. The Board may appoint one or more assistant Secretaries who may act in place of the Secretary for whatever reason, including in case of death, absence or inability to act. Assistant Secretaries need not be Members.

Section 8.9 Treasurer. The Treasurer shall be responsible for overseeing the deposit of all funds in such depositories as shall be designated by the Board; shall keep correct and complete financial records and books of account and records of financial transactions and condition of the Association and shall submit such reports thereof as the Board may, from time to time, require; shall arrange for the annual reports required by these Bylaws; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as may from time to time be assigned to it by the Board or by the President. The Board may appoint one or more Assistant Treasurers who may act in place of the Treasurer for whatever reason, including in case of death, absence or inability to act.

Section 8.10 Bonds. The Association shall obtain adequate fidelity bonds or insurance, if reasonably available, covering officers or other persons handling funds of the Association.

The premium on such bonds or insurance shall be a Common Expense.

ARTICLE IX.
INDEMNIFICATION OF OFFICIALS AND AGENTS

Section 9.1 Certain Definitions. A “Corporate Official” shall mean any director or officer, and any former director or officer, of the Association. A “Corporate Employee” shall mean any employee, and any former employee, of the Association. “Corporate Official” and “Corporate Employee” shall not include any officer, director, agent or employee of any managing agent employed by the Association, and no such person shall have a right of indemnification hereunder. “Expenses” shall mean all costs and expenses including attorney’s fees, liabilities, obligations, judgments and any amounts paid in reasonable settlement of a Proceeding. “Proceeding” shall mean any claim, action, suit or proceeding, civil or criminal, whether threatened, pending or completed, and shall include appeals.

Section 9.2 Right of Indemnification. The Association shall indemnify any Corporate Official and may, in the discretion of the Board, indemnify any Corporate Employee, against any and all Expenses actually and reasonably incurred by or imposed upon it in connection with, arising out of, or resulting from, any Proceeding in which it is or may be made a party by reason of (a) actual or alleged error or misstatement or misleading statement or act or omission or neglect or breach of duty while acting in an official capacity as a Corporate Official or Corporate Employee, or (b) any matter claimed against it solely by reason of being a Corporate Official or Corporate Employee. The right of indemnification shall extend to all matters as to which a majority of directors of the Association by resolution, or independent legal counsel in a written opinion, shall determine that the Corporate Official or Corporate Employee acted in good faith and such person reasonably believed that the conduct was in the Association’s best interests and had no reasonable cause to believe that its conduct was improper or unlawful. The right of indemnification shall not extend to matters as to which the Corporate Official or Corporate Employee is finally adjudged in an action, suit or proceeding to have been liable for gross negligence or willful misconduct in the performance of its duty except to the extent that a court may determine, upon application, that despite such adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity. The right of indemnification shall not extend to any matter as to which said indemnification would not be lawful under the laws of the State of Colorado.

Section 9.3 Advances of Expenses and Defense. The Association may advance Expenses to, or where appropriate, may undertake the defense of, any Corporate Official or Corporate Employee, in a Proceeding provided that the Corporate Official or Corporate Employee shall comply with the requirements of C.R.S. § 7-129-104.

Section 9.4 Rights Not Exclusive. The right of indemnification herein provided shall not be exclusive of other rights to which such Corporate Official or Corporate Employee may be

entitled.

Section 9.5 Authority to Insure. The Association may purchase and maintain liability insurance on behalf of any Corporate Official or Corporate Employee against any liability asserted against it as a Corporate Official or Corporate Employee or arising out of its status as such, including liabilities for which a Corporate Official or Corporate Employee might not be entitled to indemnification hereunder.

Section 9.6 Other. Contracts or other commitments made by the Board, an Officer, or the Managing Agent shall be made as agent for the Unit Owners, and they shall have no personal responsibility on any such contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereof as the common interest of each Unit Owner bears to the aggregate common interest of all Unit Owners, except that any losses incurred because of an inability to collect such proportionate amount of the total liability owed by an Owner shall be shared proportionately by the other Owners.

ARTICLE X. FISCAL MANAGEMENT

Section 10.1 The provision for fiscal management of the Units for and on behalf of all of the Unit Owners as set forth in the Declaration shall be supplemented by the following provisions.

Section 10.2 Accounts. The funds and expenditures of the Unit Owners by and through the Association shall be credited and charged to accounts under the following classifications and such other classifications as deemed appropriate by the Board, all of which expenditures shall be Common Expenses:

- (a) Current operating expenses, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves or to additional improvements.
- (b) Reserves for maintenance and capital expenditures.

ARTICLE XI. MISCELLANEOUS

Section 11.1 Amendment of Bylaws. These Bylaws may be amended by the Association at a duly constituted meeting for such purpose, at which a quorum of Members is present, in person or by proxy. Any such amendment to these Bylaws shall require an

affirmative vote of a majority of ownership interests present and voting in person or by proxy.

Section 11.2 Execution, Certification and Recording Amendments to Declaration. The President, or the Vice President in the President's absence, and the Secretary of the Association shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association.

Section 11.3 Statement of Account. The Association shall furnish to a Member, or to a First Mortgagee or its designee, upon written request delivered personally or by certified mail, first class postage prepaid, return receipt, to the Association, a written statement setting forth the amount of unpaid Assessments currently levied against such Member's Unit. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association. The Association shall have the right to charge a reasonable fee for the issuance of such certificate.

Section 11.4 Corporate Reports. The Association shall file with the Secretary of State of Colorado, within the time prescribed by law, corporate reports on the forms prescribed and furnished by the Secretary of State and containing the information required by law, and shall pay the fee for such filing as prescribed by law.

Section 11.5 Fiscal year. The fiscal year of the Association shall begin on January 1 of each year and end the succeeding December 31. The fiscal year may be changed by the Board without amending these Bylaws.

Section 11.6 Seal. The Board may adopt a seal which shall have inscribed thereon the name of the Association and the words "SEAL" and "COLORADO."

Section 11.7 Share of Stock and Dividends Prohibited. The Association shall not have or issue shares of stock and no dividend shall be paid, and no part of the income shall be distributed to its Members, directors or officers. Notwithstanding the foregoing, upon dissolution or final liquidation thereof, the Association, may make distributions as permitted by the Declaration; but no such payment, benefit or distribution shall be deemed to be a dividend or distribution of income or profit.

Section 11.8 Loans to Directors, Officers and Members Prohibited. No loan shall be made by the Association to its Members, directors or officers, and any director or officer who assents to or participates in the making of any such loan shall be liable to the Association for the amount of such loan until the repayment thereof.

Section 11.9 Limited Liability. Except as may otherwise be provided by law, the Association, the Board, and any officer, director, Member, agent or employee of any of the same, shall not be liable to any Person for any action or for any failure to act if the action taken or

failure to act was in good faith and without malice.

Section 11.10 Minutes. Minutes or any similar records of the meetings of Members or of the Board, when signed by the Secretary or acting Secretary of the meeting, shall be presumed to truthfully evidence the matters set forth therein. A recitation in any such minutes that notice of the meeting was properly given shall be prima facie evidence that the notice was given.

Section 11.11 Checks, Drafts and Documents. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons, and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 11.12 Execution of Documents. The Board, except as these Bylaws otherwise provide, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name and on behalf of the Association, and such authority may be general or confined to specific instance; and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

Section 11.13 No Waiver of Rights. The omission or failure of the Association or any Unit Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, or other provisions of the Declaration, the Bylaws, or any Rules and Regulations adopted pursuant thereto, shall not constitute nor be deemed a waiver, modification, or release therefor, and the Board or the Managing Agent shall have the right to enforce the same thereunder.

IN WITNESS WHEREOF, we, being all of the Directors of Dillon Valley East Condominium Association have hereunto set our hands this ____ day of _____, 20__.

Director

Director

Director

Director

Director

Director

Director

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Dillon Valley East Condominium Association, a Colorado nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Association, as duly adopted by the Members on _____,

20__.

Signed this ____ day of _____, 20__.

Secretary