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**AMENDED AND RESTATED BYLAWS
OF
FOURTH FILING OWNERS ASSOCIATION, INC.
a/k/a SUMMIT YACHT CLUB**

RECITALS

Fourth Filing Owners Association, Inc., a Colorado nonprofit corporation, certifies that it desires to amend and restate its Bylaws currently in effect. These Amended and Restated Bylaws supersede and replace the existing Bylaws and all amendments.

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is Fourth Filing Owners Association, Inc. also known as Summit Yacht Club (the "Association"), a Colorado nonprofit corporation, with its principal office located at 350 Lake Dillon Drive, Dillon Colorado 80435, with a mailing address of c/o Summit Resort Group, P.O. Box 2590, Dillon, Colorado 80435. The Association may also have other offices and may carry on its purposes at such other places within and outside the State of Colorado as the Board may from time to time determine.

**ARTICLE II
DEFINITIONS, PURPOSES AND ASSENT**

Section 2.1 Definitions. "Declaration" means the Condominium Declaration for Yacht Club Condominiums Fourth Filing recorded with the Clerk and Recorder of Summit County, Colorado, on April 15, 1969 at Reception No. 112381, and all subsequent amendments. Unless otherwise defined, the capitalized terms used in these Amended and Restated Bylaws have the meanings given to them in the Declaration.

Section 2.2 Purposes. The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the Condominium Units and the Common Elements within the real property situate in Summit County, Colorado, as more fully described in the Declaration; (ii) to preserve, protect and enhance the values and amenities of such property; and (iii) to promote the health, safety and welfare of the Owners and users of the Building.

Section 2.3 Assent. All Owners, their families, tenants, and their guests and invitees, and any other person occupying a Condominium Unit or using the facilities of the Building in any manner are subject to the Governing Documents which include the Declaration, the Map, the Articles of Incorporation for Fourth Filing Owners Association, Inc. (the "Articles"), these Amended and Restated Bylaws and any procedures, rules or policies adopted by the Association's Board of Managers (the "Board"). The acquisition or rental of any of the Condominium Units in the Building or the occupancy of any of the Condominium Units will constitute ratification and acceptance of these Amended and Restated Bylaws and an agreement to comply with all Governing Documents.

ARTICLE III **MEMBERSHIP**

Section 3.1 Membership. Every person who is a record Owner of a Condominium Unit as set forth in the Articles is a Member of the Association.

Section 3.2 Voting Privileges. All Members are entitled to vote on all matters, with one vote per Condominium Unit.

a. When more than one person holds an interest in any Condominium Unit, all such persons are Members. The vote for such Condominium Unit will be exercised by one person or alternative persons as the Owners among themselves determine. If more than one of the multiple Owners are present at a meeting in person or by proxy, the vote allocated to their Condominium Unit may be cast only in accordance with the agreement of a majority interest of the Owners present or by proxy, and if a majority of the Owners cannot agree, then the Owners of such Condominium Unit will not be entitled to vote. Any one of the co-Owners may cast the vote allocated to that Condominium Unit unless any of the other co-Owners protests promptly to the person presiding over the meeting.

b. Any Owner of a Condominium Unit that is leased may assign his voting right to the tenant, provided that the tenant is appointed to vote on behalf of the Owner by proxy and the proxy is furnished to the Secretary of the Association or designee prior to any meeting in which the tenant exercises the voting right.

c. A member will only be deemed to be in good standing and entitled to vote at any annual or special meeting if all assessments levied against the member's Unit are paid in full.

Section 3.3 Responsibility of Members. Any person on becoming an Owner will automatically become a Member and be subject to and will comply with the Governing Documents. Such membership will terminate without any formal Association action whenever such person ceases to own a Condominium Unit, but such termination will not relieve or release any such former Owner from any liability or obligation incurred under the Governing Documents or in any way connected with the Association during the period of such ownership, or impair any rights or remedies which the Board, or other Members may have against such former Owner arising out of ownership of the Condominium Unit or membership in the Association and the covenants and obligations incident thereto.

Section 3.4 Class. The Association will have one class of voting membership.

Section 3.5 Owner Education. The Association will provide, or cause to be provided, education to Owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of Owners, the Association, and its Board under Colorado law. The Board will determine the criteria for compliance with this section.

ARTICLE IV
OBLIGATIONS OF THE OWNERS

Section 4.1 Community Quality of Life. All Owners are members of the community association and will always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Project was built. Because neighbors rely on one another to maintain the quality of life and property values in the community, each member is more accountable to other members than in other communities without shared common elements.

Section 4.2 Maintenance and Repair.

a. Except as provided in Section 12 of the Declaration, every Owner must perform promptly at his own expense all maintenance and repair work within the Owner's Condominium Unit if failure to do so would affect the project or other Condominium Units.

b. Owners are responsible for all expense of the repairs of internal installations of the Condominium Unit such as water, light, gas, power, sewage, telephones, sanitary installations, doors, windows, electrical fixtures and all other accessories, equipment and fixtures including any air conditioning equipment belonging to the Condominium Unit.

c. Owners must reimburse the Association or another Owner promptly upon receipt of a statement for any expenditures the Association or another Owner incurs in repairing, replacing or restoring any common elements or any Condominium Unit damage caused by the Owner, or the Owner's guests, invitees, or tenants, even if such act or omission was not negligent or resulting from failure to maintain a Condominium Unit.

Section 4.3 Mechanic's Lien. Each Owner agrees to indemnify and to hold the Association and each of the other Owners harmless from any and all claims of mechanic's lien filed against other Condominium Units or the common elements for labor, materials, services or other products incorporated in the Owner's Condominium Unit or limited common elements. In the event Within 30 days after a lien is filed the responsible Owner must either obtain a release of the lien or deposit cash or a bond to discharge the lien as provided by Colorado law. Any amount owed by an Owner under the indemnity provided in this section may be assessed by the Association to the responsible Owner.

Section 4.4 Proof of Ownership. Upon taking ownership of a Condominium Unit, an Owner must upon request of the Association furnish a copy of the recorded instrument vesting such Owner's ownership interest. The Association will maintain the instrument as an Association record pursuant to Article XXIII below.

Section 4.5 Registration of Mailing Address. Within five (5) days after transfer of title each Owner must provide the Association Secretary or manager with one registered mailing address or electronic address for delivery of monthly statements, notices, demands and all other communications. If no address is registered then the address of the Condominium Unit will be used as the registered mailing address until the Owner(s) furnish another registered mailing address pursuant to this section. A registered mailing address may be changed from time to

time by similar designation.

ARTICLE V
ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 5.1 Place and Frequency of Meetings. Meetings of the Members will be held at least once each year at such place, within the state of Colorado, as the Board may determine. All meetings of the Association are open to every Owner or to any person designated by an Owner in writing as the Owner's representative.

Section 5.2 Annual Meetings. Each annual meeting of the Members will be held on a date and at a time set by the Board. The purpose of the annual meeting is for the election of the Board and the transaction of such other business of the Association as may properly come before the meeting.

Section 5.3 Special Meetings. Special meetings of the Members may be called at any time by the President of the Association, the Board, or upon written request of Members who are entitled to vote at least 20% of all votes in the Association.

Section 5.4 Notice of Member Meetings. Not less than ten (10) nor more than fifty (50) days in advance of any meeting of the Members, the secretary must cause notice to be delivered to all Owners as provided in Article XII of these Amended and Restated Bylaws. The notice of any meeting must be physically posted in a conspicuous place, in addition to any electronic posting of electronic mail notices that may be given. The final notice 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 or Amended and Restated Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. The Association will provide meeting notice and the agenda by electronic mail to all Members who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting will be given as soon as possible but at least forty-eight (48) hours before the meeting.

Section 5.5 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, 20% of the total membership votes will constitute a quorum for any action, except as otherwise provided in the Governing Documents. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 5.6 Actions Binding on Members. A majority of votes cast by Members constituting a quorum in person or by proxy will be sufficient to make decisions binding on all Owners, unless a different number or method of voting is expressly required by statute or by the Declaration, the Articles or these Amended and Restated Bylaws. As used in these Amended and Restated Bylaws, the term "majority" will mean those votes, Owners, or other groups as the context may indicate totaling more than 50% of the total number.

Section 5.7 Voting. Voting may be by voice, by show of hands, by consent, by electronic means, by directed proxy, by written ballot, or as otherwise determined by the

Meeting Chair present at a meeting where a vote is to be taken. Secret ballot is required for all contested Board positions. Secret ballot is also required for any vote that all Owners are entitled to vote on pursuant to the Chair's determination or upon the request of 20% or more Owners.

a. A neutral third party or randomly selected non-candidate Owners will count ballots. The results of the vote will be reported without reference to names, addresses, or other identifying information.

b. The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary 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.

Section 5.8 Voting by Written Ballot or Electronic Communication. The Board may decide that voting of the Members on any matter required or permitted by the statutes of Colorado, the Articles of Incorporation, or these Amended and Restated Bylaws will be by e-mail, facsimile or other electronic communication. Pursuant to the Colorado Revised Non-profit Corporation Act (the "Non-Profit Act"), any action that may be taken at any annual, regular or special meeting of the Members may be taken without a meeting if the Secretary delivers a written ballot to every Member entitled to vote on the matter.

a. A written ballot will: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action. Written ballot approval is 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.

b. All solicitations for votes by written ballot will: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of members of the Board; (iii) specify the time by which a ballot must be received by the Board in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

c. A written ballot may not be revoked.

Section 5.9 Proxies. Any Member may cast their vote in person or by proxy appointed in conformance with C.R.S. §7-127-203. No proxy will be valid if it is not dated, if it purports to be revocable without notice or if it is obtained through fraud or misrepresentation. Further, no proxy will be valid after eleven months from the stated date of its execution unless otherwise provided in the proxy or unless voluntarily revoked upon notice, amended, or sooner terminated by operation of law. Finally, no proxy will be valid unless filed with the Secretary of the Association at or before the appointed time of the meeting at which the proxy will be voted.

Section 5.10 Designation of Voting Representative by Non-Individual Owners- Requirement for Proxy. If title to a Condominium Unit is held in whole or in part by a firm,

corporation, partnership, association, limited liability company or other legal entity, the voting privilege appurtenant to that ownership may be exercised only by a proxy executed on behalf of such party or parties, filed with the Secretary of the Association, and appointing and authorizing one person or alternate persons who is a member, shareholder or beneficiary of such entity to attend all annual and special meetings of the Members and to cast the vote allocated to that Condominium Unit at the meeting.

Section 5.11 Waiver of Notice. Waiver of notice of a meeting of the Members will be deemed the equivalent of proper notice. Any Member who furnishes his e-mail address to the Association and the Association delivers notice to such address is deemed to waive any notice by mailing or personal delivery. Any Member may waive, in writing, notice of any meeting of the Members, either before or after such meeting. A Member's attendance at a meeting, whether in person or by proxy, will be deemed the Member's waiver of notice of the time, date and place of the meeting unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting will also be deemed waiver of notice of all business transacted at the meeting unless objection to the calling or convening of the meeting without proper notice, is raised before the business is put to a vote.

Section 5.12 Teleconference. Any regular or special meeting of the Members may be conducted to permit an Owner to participate by teleconference or other electronic means.

Section 5.13 Order of Business. The Board may establish the order of business at all meetings of the Board or Members. The Meeting Chair may revise the agenda as necessary.

Section 5.14 Conduct For Owner Meetings. The following rules of conduct and order will govern all Owner Meetings:

- a. The President of the Association or Board Designee will chair all Owner meetings.
- b. All Owners and persons who attend a meeting of the Owners will sign in, present any proxies and receive ballots as appropriate.
- c. Any person desiring to speak must sign up on the list provided at check in and indicate if he/she is for or against an agenda item.
- d. Anyone wishing to speak must first be recognized by the Chair.
- e. Only one person may speak at a time.
- f. Each person who speaks will first state his or her name and Condominium Unit address.
- g. Any person who is represented at the meeting by another person, as indicated by a written instrument, will be permitted to have such person speak for him/her.
- h. Those addressing the meeting will be permitted to speak without

interruption from anyone as long as these rules are followed.

i. Comments will be offered in a civilized manner and without profanity or personal attacks and will be relevant to the purpose of the meeting.

j. Each person will have a maximum of three minutes to make a statement or to ask questions. The Board may decide whether or not to answer questions during the meeting. Each person may only speak once. A speaker may not yield time to another individual. The Chair may increase or decrease the time limit if the change is uniform for all persons addressing the meeting.

k. All actions and/or decisions will require a first and second motion.

l. Once a vote has been taken, there will be no further discussion regarding that topic.

m. The Association will keep minutes of actions taken.

n. Anyone disrupting the meeting, as determined by the Chair, will be asked to "come to order." Anyone who does not come to order will be requested to immediately leave the meeting.

o. The Chair may establish such additional rules of order as may be necessary from time to time.

ARTICLE VI **BOARD OF MANAGERS: SELECTION; TERM OF OFFICE**

Section 6.1 Number, Qualification and Term. The Board, consisting of three (3) or more persons, will manage the affairs of the Association. The Board members may be Members of the Association or the delegates of Members appointed by proxy under Article IV above. The number of Managers on the Board may be established from time to time by amendment to these Bylaws. The term of office will be three (3) years or until a successor is elected or appointed or until there is a decrease in the number of Board members. The terms of office will be staggered so that a system is established where one member of the Board is elected each year.

Section 6.2 Voting Procedures Generally. In the election of the Board, each Member will have the right to vote the number of votes to which he is entitled for as many persons as there are Board members to be elected. Cumulative voting will not be allowed.

Section 6.3 Removal of Member of Board of Managers.

a. By the Members. Any Board member may be removed, with or without cause, at any regular or special meeting of the Members. A successor to any Board member removed will be elected at such meeting to fill the vacancy created by removal of the Board member. A Board member whose removal is proposed by the Members will be given notice of the proposed removal prior to the date of such meeting and will be given an

opportunity to be heard at such meeting.

b. By the Board. Any Board member who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or otherwise in violation of the Governing Documents for more than thirty (30) days may be removed by a majority vote of the Board members present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor. In the event of the death, disability, resignation or removal by the Board, as set forth in this subsection (b), of a Board member, the Board may declare a vacancy, and the Board may appoint a successor. Any successor the Board appoints will serve for the remainder of the term of the Board member replaced.

Section 6.4 Vacancies. Any vacancy occurring on the Board, other than removal by the Members, may be filled by the affirmative vote of a majority of the remaining Board members, though less than a quorum of the Board. The term of the Board member so elected will be coincident with the terms of the replaced Board member.

Section 6.5 Compensation. No Board member will receive compensation for service as a Board member. However, Board members may be reimbursed for actual, reasonable expenses incurred on behalf of the Association. The Association may compensate a Board member, or any entity with which a Board member is affiliated, for services or supplies furnished to the Association in a capacity other than as a Board member pursuant to a contract or agreement with the Association, provided that such Board member's interest is disclosed and approved as set forth in Article VII of these Amended and Restated Bylaws.

ARTICLE VII **MEETINGS OF THE BOARD**

Section 7.1 Regular Meetings. Regular meetings of the Board will be held at such regular times as set by the Board, at such place and hour as may be fixed from time to time by resolution of the Board, but such meetings will be held no less frequently than annually. If a regularly scheduled meeting falls on a legal holiday that meeting will be held at the same time on the next day which is not a legal holiday.

Section 7.2 Special Meetings. Special meetings of the Board will be held when called by the President of the Association, or by any two Board members, after not less than three (3) days' notice to each Board member.

Section 7.3 Quorum. A quorum is deemed present throughout any meeting of the Board if persons entitled to cast two-thirds (2/3) of the votes on the Board are present at the beginning of the meeting.

Section 7.4 Agendas and Attendance. All Members or their representatives may attend all regular and special Board or committee meetings. However, the chairman of the meeting must authorize Member participation. Agendas for meetings of the Board will be made reasonably available for examination by all Members or their representatives.

Section 7.5 Conduct For Board Meetings.

- a. The following rules of conduct and order will govern all Board meetings:
- i. The President of the Association, or Board designee, will chair all Board meetings.
 - ii. All persons attending a meeting of the Board are required to sign in, listing their name and address.
 - iii. All Owners or their representative will be given an opportunity to speak as to any matter or ask questions of the Board during the Owner Forum at the beginning of the meeting. Any Owner or their representative wishing to speak during the Owner Forum must indicate so at the time of sign in.
 - iv. Anyone desiring to speak must first be recognized by the Chair.
 - v. Only one person may speak at a time.
 - vi. Each person speaking will first state his or her name and address.
 - vii. Any person who is represented at the meeting by another person as indicated by a written instrument will be permitted to have such person speak for them.
 - viii. Those addressing the Board may speak without interruption from anyone as long as these rules are followed.
 - ix. Comments will be offered in a civilized manner and without profanity or personal attacks and will be relevant to the purpose of the meeting.
 - x. Each person will have a maximum of three minutes to speak or to ask questions, although questions may not be answered until a later date. Each person may only speak once during the Owner Forum and once on any other issue prior to the Board's vote such issue. No speaker may yield time to another individual. The Chair may increase or decrease the time limit if the change is uniform for all persons addressing the meeting.
 - xi. The Association will keep minutes of actions taken.
 - xii. Anyone disrupting the meeting, as determined by the Chair, will be asked to come to order. Anyone who does not come to order will be requested to leave the meeting immediately.
 - xiii. The Chair may establish such additional rules of order as may be necessary from time to time.
- b. Owner Input. After a motion and second has been made on any matter to be discussed, but prior to a vote by the Board, present Owners will be afforded an opportunity to speak on the motion as follows:
- i. The Chair will ask those Owners present to indicate by a show of hands who wishes to speak in favor or against the motion. The Chair will then determine a reasonable number of persons who will be permitted to speak in favor of and against the motion and for how long each person will be permitted to speak. The Chair will announce the procedure for who will be permitted to speak if not everyone desiring to speak will be permitted to speak.
 - ii. Following Owner input, the Chair will declare Owner input closed and there will be no further Owner participation on the motion at hand, unless a majority of the Board votes to open the discussion to further Owner participation.

Section 7.6 Executive Sessions. The members of the Board or any committee thereof may hold an executive or closed door session and may restrict attendance to Board

members and such other persons the Board requests during a regular or specially announced meeting. The matters to be discussed at such an executive session are as follows:

a. Matters pertaining to employees of the Association 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; and

e. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

f. No rule or regulation of the Board or committee thereof may be adopted during an executive session. The minutes of all meetings at which an executive session was held will indicate that an executive session was held, and the general subject matter of the executive session.

Section 7.7 Actions Binding on Board Members. Every action taken or decision made by a majority of the Board members present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

Section 7.8 Waiver of Notice. Attendance of a Board member at any meeting will constitute a waiver of notice of such meeting, except when a Board member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Before, at, or after any meeting of the Board members, any member of the Board may waive in writing notice of such meeting, and such waiver will be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the waiver of notice of such meeting.

Section 7.9 Action Taken Without a Meeting. The Board members will have the right to take any action they could take at a meeting in the absence of a meeting by obtaining the written approval of all the Board members. Any action so approved will have the same effect as though taken at a meeting of the Board members.

Section 7.10 Teleconference Meetings. Any regular or special meeting of the Board may be conducted by teleconference or other electronic means, followed by minutes of such meeting, which will be distributed to each Board member.

ARTICLE VIII
BOARD CODE OF CONDUCT - CONFLICT OF INTEREST POLICY

Section 8.1 Purpose. The Board has the authority and responsibility to make decisions for the benefit of the entire community. The Board wishes to ensure that it and its individual Members maintain a high standard of ethical conduct in the performance of the Association's business, and to ensure that the Members maintain confidence in and respect for the entire Board.

Section 8.2 Board Members Will Act in the Best Interests of the Association as a Whole. Board members serve for the benefit of the entire community, and must strive to do what is best for the Association as a whole. Board members may not use their positions as such for private gain, for example:

a. No Board member may solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value from a person who is seeking a contractual or other business or financial relationship with the Association.

b. No Board member may seek preferential treatment by the Board, any of its committees, or any contractors or suppliers.

c. No Board member may accept employment compensation, gifts or favors made with the intent of influencing a decision or action on any official matter.

d. No Board member may willingly misrepresent facts to advance a personal cause or influence the community to advance a personal cause.

f. No Board member may use his/her position to enhance his/her, or the Member's employer's financial status through the use of certain contractors or suppliers.

The above examples are offered for illustration purposes only, and are not intended to be exclusive.

Section 8.3 Board Members Will Comply with Governing Documents and Relevant Law. Board members will make good faith efforts to make reasonable decisions that are consistent with the Governing Documents, and to be familiar with all such documents. Board members will likewise comply with and make decisions that are consistent with all applicable laws, including, but not limited to, refraining from discriminating against any person on the basis of race, color, religion, national origin, gender, family status, or mental or physical disability.

Section 8.4 Board Members Will Set High Standards for Themselves as Association Members. Board members will hold themselves to high standards as Members of the Association, and will comply with the provisions of the Governing Documents to the best of their ability.

Section 8.5 Board Members Will Work Within the Association's Framework and Refrain From Unilateral Action. Board members will work within the Association's framework and abide by the system of management established by the Governing Documents

and the Board. The Board will conduct business in accordance with state law and the Governing Documents, and will act upon decisions duly made, and no Board member will act unilaterally or contrary to such decisions. Toward that end, no Board member will seek to have a contract implemented that the Board has not duly approved, nor promise anything the Board has not approved to any contractor, supplier, or otherwise.

Section 8.6 Board Members Will Behave Professionally at Meetings. Board members will conduct themselves at all meetings, including Board meetings, annual meetings of the Members, and committee meetings, in a professional and businesslike manner. Personal attacks against other Board members, Members, residents, officers, management, or guests are not consistent with the best interests of the community and will not be tolerated. Language at meetings will be kept professional. Though differences of opinion are inevitable, they must be expressed in a professional and businesslike manner.

Section 8.7 Board Members Will Maintain Confidentiality When Appropriate. Board members must at all times maintain the confidentiality of all legal, contractual, personnel, and management matters involving the Association. Board members must also maintain the confidentiality of the personal lives of other Board members, Members, residents, and management staff.

Section 8.8 Board Members Will Refrain From Defaming Anyone in the Community. Board members may not engage in defamation, by any means, of any other Board member, Member, resident, or management staff member. The Association will deem any Board member who engages in defamation to be acting outside the scope of his authority as a Board member.

Section 8.9 Board Members Will Refrain From Harassing Association Members or Residents. Board Members may not in any way harass, threaten, or otherwise attempt to intimidate any other Board member, Member, or resident. The Association will deem any Board member who harasses, threatens, or otherwise attempts to intimidate other Members or residents to be acting outside the scope of his authority as a Board member.

Section 8.10 Board Members Will Refrain From Interfering With Management Staff and Contractors. No Board member may interfere with the duties of management staff or any contractor executing a contract in progress. All communications with contractors must go through designated Board members, or must otherwise be in accordance with Board policy.

Section 8.11 Board Members Will Refrain From Using Members' Keys, Except as Authorized by Association's Governing Documents. No Board member may use members' keys in any manner other than as outlined in the Association's official key policy, if any.

Section 8.12 Violations of Code. Violations of the Code of Conduct will be brought to the Hearing Board, which will consist of designated Board members. In addition, the Board may elect, at its sole discretion, to appoint as Advisory Hearing Board Members, other Board members, as well as the Association attorney, manager, and/or accountant. Any Board member who violates this Code of Conduct agrees that the Board may seek injunctive relief against him/her, following a hearing before the Hearing Board, unless circumstances

necessitate the issuance of injunctive relief prior to such hearing. The Board member also agrees that the Association is relieved of posting bond as a condition to its injunctive remedy. Such Board member must pay the attorney's fees incurred by the Board in any enforcement effort.

Section 8.13 Conflicting Interest Transactions.

a. Disclosure. Board members must immediately disclose to the Board any perceived or potential conflicting interest transaction regarding any aspect of the business operations of the Association. The Board member must declare all material facts of the conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the Board member may participate in the discussion but may not vote on that issue.

b. Definition. A conflicting interest transaction means a contract, transaction, or other financial relationship between the Association and a Board member or between the Association and a party related to a Board member, or between the Association and an entity in which a Board member is a director or officer or has a financial interest. The provisions of the Colorado Common Interest Ownership Act ("CCIOA") and the Non-Profit Act will apply to all situations where a conflicting interest transaction is present.

c. No Loans. The Association may not make any loans to any Board member or Officer.

ARTICLE IX
POWERS AND DUTIES OF THE BOARD OF MANAGERS

Section 9.1 General. The Board has the powers and duties necessary for the administration of the affairs of the Association as further specified in CCIOA, the Condominium Ownership Act and the Non-Profit Act. Except as provided by the Governing Documents or applicable laws, the Board may do all such acts and things which are not specifically required to be done by the Members and may otherwise act in all instances on behalf of the Association.

Section 9.2 Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 9.1 above, the Board has the following powers and duties, in each case subject to applicable requirements of the Governing Documents and law:

a. To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration.

b. To establish, make or amend reasonable rules, regulations and policies from time to time and enforce compliance with such reasonable rules, regulations and policies as may be necessary for the operation, use and occupancy of the Condominium Project, subject to the provisions of the Declaration. A copy of such rules and regulations will be delivered, mailed by U.S. mail, posted on the Association's website, or by e-mail to each Member promptly after adoption. The Board will review all rules, regulations and policies to ensure conformance with applicable law and the current needs of the Condominium Project at each annual meeting when officers are elected.

c. To keep in good order, condition and repair the Common Elements and items of personal property, if any, used in the enjoyment of the Common Elements. No approval of the Members is required for expenditures for these purposes, except as otherwise required by the Declaration or these Amended and Restated Bylaws.

d. To fix, determine, levy, and collect the prorated Annual Assessments to each of Member will pay towards the gross expenses of the Condominium Project, and to adjust, decrease or increase the amount of the Assessments, and to credit any excess of Assessments over expenses and cash reserves to the Members against the next succeeding Assessment period.

e. To levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so as provided in the Declaration.

f. To levy and collect default Assessments because the Association has incurred an expense on behalf of a Member under the Governing Documents.

g. To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as provided in the Declaration and these Amended and Restated Bylaws; and to exercise other remedies for delinquent Assessments as set forth in the Declaration and the Collection Policy.

h. Subject to Members' approval, to fix, determine, levy and collect the working capital funds each Member will pay towards the working capital account of the Association, and to propose, decreases or increases in the amount of working capital funds collected from each Member as provided in the Declaration.

i. To borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Amended and Restated Bylaws, and to authorize the appropriate officers to execute all such instruments evidencing such indebtedness as the Board may deem necessary and such indebtedness will be the several obligation of all Owners in the same proportions as they share Common Expenses.

j. To dedicate, sell or transfer all or any part of the Common Elements to any public, governmental or quasi-governmental agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the Members, and subject to such additional limitations as may be set forth in the Declaration or CCIOA, including without limitation the requirement of obtaining the prior approval of 67% of the votes of the Members present and voting in person or by proxy on the issue.

k. To enter into contracts within the scope of their duties and powers.

l. To establish a bank account for the operating account of the Association and for the reserve funds and adopt an investment policy for reserve funds as required or deemed advisable by the Board.

m. To cause to be kept and maintained full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof by Members or their Mortgagees during convenient weekday business hours.

n. To cause any and all access roads, parking areas, and roadways in and to the Building and across the Condominium Project to be maintained, repaired and replaced as necessary to the extent those facilities are within the jurisdiction or control of the Association, subject to the provisions of the Declaration.

o. To maintain and remove snow from any and all driveways, roadways and parking areas at the Building and to maintain and replace as necessary the landscaping, lawn, trees, shrubs, and other vegetation, and the sprinkler or other irrigation systems located on the Condominium Project for the benefit of the Members.

p. To cause to be maintained the insurance coverage (including without limitation fidelity insurance, or in its place, a bond covering the Manager, the Board, the officers and any other persons charged with handling Association funds) as may be necessary to comply with the requirements of the Declaration, these Amended and Restated Bylaws and applicable law.

q. In general, to carry on the administration of the Association and to do all those things necessary and responsible in order to carry out the communal aspects of ownership, all in accordance with the Declaration and applicable requirements of Colorado law.

r. To delegate to a manager, Board Designee or any other person or entity such of the Association's duties or responsibilities as may be more conveniently or efficiently performed by someone other than by the Association, and to agree to assess to the Members a reasonable fee for such services, except that the duties set forth in subparagraphs (d), (f), (g), (l), (k) or (s) of this Section 9.2 are duties reserved to the Board by law and may not be delegated.

s. To designate and remove personnel necessary for the operation, maintenance, repair and replacement of the Common Elements.

t. To prepare a budget before the close of each fiscal year of the Association and submit the budget to the Association as required by CCIOA.

u. To authorize as a Common Expense reimbursement of Board members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of common interest owners' associations. The course content of such educational meetings and seminars will be specific to Colorado, and will make reference to applicable sections of CCIOA.

Section 9.3 Manager. The Board may designate a Board member or employ a professional management agent or agents as Manager for compensation established by the Board, to perform such duties and services as authorized by the Board. The Board may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board by these Amended and Restated Bylaws, other than the powers set forth in subparagraphs (d), (f), (g), (l), (k) or (s) of Section 9.2 of this Article and duties reserved to the Board by law. If the Board delegates powers of the Board or officers of the Association relating to collection, deposit, transfer or disbursement of the Association funds to the Manager, then subparagraphs (a), (b), (c), (d) and (e) below will apply.

a. **Fidelity Insurance.** The Association will maintain fidelity insurance coverage or a bond providing the same type of insurance as described in the Declaration in an

amount not less than the greater of (i) \$300,000, (ii) the amount of three month's current Assessments plus reserves, as calculated from the current budget of the Association, on all Condominium Units in the Building, or (iii) such higher amount as the Board may require.

b. Maintain Association Accounts. The Manager or designee will maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager or designee and will maintain all reserve accounts of each association so managed separate from operational accounts of the Association, each with appropriate access controls, and the bank where the accounts are located must send copies of monthly bank statements directly to the Association. Unless the Board gives express authorization, the Manager will not have authority to draw checks on, or transfer funds from, the Association's reserve account.

c. Accounting and Financial Information. Accounting, financial records and an audit or review will be prepared and presented as provided in Section 9.4.

d. Management Agreement. If a professional manager is employed, the management agreement must be for a specified term (not to exceed three (3) years) and must contain specific termination provisions. Such termination provisions may not require the payment of any penalty for termination for cause or require advance notice of termination without cause in excess of ninety (90) days. The Association has the right to renegotiate or terminate the management agreement without cause as provided in CCIOA.

e. Right of Entry. The Manager and the Building Manager will have the right to enter each Condominium Unit in case of any emergency originating in or threatening such Condominium Unit whether or not the Owner or occupant is present at the time. Such authorized persons will also have the right to enter each Condominium Unit to perform maintenance and repair work as prescribed by these Amended and Restated Bylaws and the Declaration.

Section 9.4 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

a. The Board will review all disbursements of the Association and confirm the application of the disbursements by monitoring all bank statements. The review function may be by one or more members of the Board, or by a party designated by the Board as long as persons or companies not directly involved in the production or signature of the payments, or the reconciliation of bank accounts do the review.

b. The Association's cash accounts may not be commingled with any other accounts.

c. No remuneration will be accepted by a Board member or Manager from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise. Anything of value received will be for the benefit of the Association.

d. Any financial or other interest that a Board member or Manager may have in any firm providing goods or services to the Association will be disclosed promptly to the Board.

e. Financial reports must be prepared in accordance with generally accepted accounting principles for the Association at least quarterly containing:

- i. an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
- ii. a statement reflecting all cash receipts and disbursements for the preceding period;
- iii. a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
- iv. a balance sheet as of the last day of the preceding period; and
- v. a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).

f. Audit. The books and records of the Association will be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Board. Such person need not be a certified public accountant except in the case of an audit. Copies of an audit or review will be made available upon request to any Member no later than 30 days after its completion.

ARTICLE X OFFICERS AND THEIR DUTIES

Section 10.1 Enumeration of Officers. The officers of the Association will be a President, a Vice-President, a Secretary and Treasurer, all of whom must be Board members, and such other officers as the Board may from time to time create by resolution.

Section 10.2 Election of Officers. The election of officers will take place at the first meeting of the Board following each annual meeting of the Members.

Section 10.3 Term. The Board will elect the officers of the Association annually and each will hold office for one year or until his successor is duly elected and qualified, unless he sooner resigns, or is removed, or is otherwise disqualified to serve.

Section 10.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may determine from time to time.

Section 10.5 Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 10.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer replaced.

Section 10.7 Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 10.8 Duties. The duties of the officers are as follows:

a. **President.** The President will preside at all meetings of the Association and of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds and other written instruments; co-sign all promissory notes; cause to be prepared and execute, certify and record amendments to the Declaration on behalf of the Association, execute all instruments of conveyance under Section 23 of the Declaration; and exercise and discharge such other duties as the Board may require.

b. **Vice-President.** The Vice-President will act in the place and stead of the President, in the event of his absence, inability or refusal to act, and will exercise and discharge such other duties as the Board may require.

c. **Secretary.** The Secretary will record the votes and keep the minutes of the meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses, execute all instruments of conveyance under Section 23 of the Declaration; and perform such other duties as the Board may require.

d. **Treasurer.** The Treasurer will receive and deposit in the appropriate bank accounts all monies of the Association and will disburse such funds as directed by resolution of the Board; sign all checks of the Association unless the Board specifically directs otherwise, and co-sign all promissory notes of the Association; keep proper books of account; at the direction of the Board, cause an annual audit of the Association books to be made by a public accountant at least once in every three fiscal years; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver or make copies available to each of the Members.

Section 10.9 Delegation. The duties of any Officer may be delegated to the Manager or another Board member or designee, except the President and Secretary must execute all conveyances and contracts for the Association as provided in the Articles of Incorporation.

ARTICLE XI **POLICY FOR RESERVE PLANNING, FUNDING & MANAGEMENT**

Section 11.1 Purpose. In order to keep the Condominium Project in good repair, and to sustain the market values of Condominium Units, the Board establishes this Reserve Fund policy.

Section 11.2 Periodic Reserve Studies Required. Periodically the Board will conduct a Reserve Study. The Study will:

a. Assign a reasonable useful life to the Common Element components to be maintained by the Association.

b. Assign a reasonable cost of repair or replacement to the components based on current costs for the area.

c. Set forth a 15 year repair & replacement schedule that identifies when work will be performed on such components, and which, in calculating the cost of each repair or replacement, takes into account the cost of inflation.

d. Establish a funding plan for the reserve account.

e. The Board may request assistance from the Manager or a reserve study analyst to prepare the Reserve Study.

Section 11.3 Annual Updates. In each year that a Reserve Study is not conducted, an update will be performed by the Manager or the Board to reflect prevailing conditions, changes in costs, inflation, interest yield on invested funds, and any unexpected variations from the most recent Reserve Study.

Section 11.4 Investment of Reserves. In order to minimize the amount of member contributions, the Board will invest the funds in the Reserve Fund so as to generate interest revenue that will accrue to the Reserve Fund balance. All investments must be in the name of the Association and may not be commingled with the Association's general operating fund.

a. The Board will invest funds held in the Reserve Fund to generate revenue that will accrue to the Reserve Fund pursuant to the following goals listed in order of importance:

i. Safety of Principal. The long term goal is safety of the Reserve Fund's principal.

ii. Liquidity and Accessibility. Structure maturities to ensure availability for projected and unexpected expenditures.

iii. Diversify. Mitigate the effects of investment volatility upon reserve assets.

iv. Return. Invest funds to seek the highest level of after-tax return.

v. Minimal Costs. Investment costs (redemption fees, commissions, and other transactional costs) should be minimized.

b. The Board may consider the following circumstances in investing funds held in the Reserve Fund:

i. General economic conditions;

ii. Possible effect of inflation or deflation;

iii. Expected tax consequences;

iv. Role that each investment plays in the overall investment portfolio;

v. Other resources of the Association.

c. The Board, or the Board's authorized agent, may purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals set forth in Section 11.4(a) above; and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. Signatures of any two of the President, Treasurer or Manager are required to withdraw or transfer Reserve Funds.

Section 11.5 Limitation on Investments. Unless otherwise approved by the Board, all

investments will be FDIC (Federal Deposit Insurance Corporation) insured, otherwise guaranteed by the United States Government.

Section 11.6 Independent Professional Investment Assistance. The Board may hire an investment counselor to assist in formulating a specific investment plan.

Section 11.7 Control and Review. All accounts and investment instruments will be subject to the approval of, and may from time to time be amended by the Board as appropriate, and must be reviewed annually.

ARTICLE XII **INDEMNIFICATION**

Section 12.1 Definitions. For purposes of this Article XII, the following terms will have the meanings set forth below:

a. **Proceeding.** Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

b. **Indemnified Party.** Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a Board member or officer of the Association or, while a Board member or officer of the Association, is or was serving at the request of the Association as a board member, committee member, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Section 12.2 Indemnification. The Association will indemnify, if indemnification is authorized by C.R.S. §7-129-102, any Indemnified Party in any Proceeding. The Association will advance the expenses of the Indemnified Party as provided in C.R.S. §7-129-104.

Section 12.3 Insurance. By action of the Board, notwithstanding any interest of the Board members in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him or her incurred by him or her in his or her capacity of or arising out of their status as an Indemnified Party, whether or not the Association would have the power to indemnify him or her against such liability under applicable provisions of law.

Section 12.4 Right to Impose Conditions to Indemnification. The Association will have the right to impose, as conditions to any indemnification provided or permitted in this Article XII, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding will be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association will have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association will be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's rights of recovery, and that the person to be indemnified will execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE XIII
ASSOCIATION RECORDS, INFORMATION AND REPORTS

Section 13.1 Corporate Report Filing. The Board will at all times keep the Association in good standing by filing the annual report each year with the Colorado Secretary of State. The Secretary or authorized officer of the Association will complete the annual report received from the Colorado Secretary of State with the name of the registered agent and registered office with both the physical and mailing address of the Association for notification by the Secretary of State and for service of process.

Section 13.2 Association Minutes and Record Keeping Requirements. Pursuant to C.R.S. §38-33.3-317(1), the Association or its agents will keep as permanent records:

a. detailed records of receipts and expenditures affecting the operation and administration of the Association;

b. records of claims for construction defects and amounts received pursuant to settlement of those claims;

c. minutes of all meetings of Members and Board, a record of all actions taken by the Members or the Board without 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 members and of the Board or any committee of the Board;

d. written communications among, and the votes cast by, Board members that are: (i) directly related to an action taken by the Board without a meeting pursuant to C.R.S. §7-128-202,; or (ii) directly related to an action taken by the Board without a meeting pursuant to Article VI of these Amended and Restated Bylaws;

e. the names of Owners in a form that permits preparation of a list of the names of all Owners and the physical mailing addresses at which the Association communicates with them, showing the number of votes each Owner is entitled to vote;;

f. its current Declaration, Bylaws, Articles of Incorporation, rules and regulations, responsible governance policies adopted pursuant to C.R.S. §38-33.3-209.5, and other policies adopted by the Board;

g. financial statements as described in C.R.S. §7-136-106, for the past three (3) years and tax returns of the Association for the past seven (7) years, to the extent available;

h. a list of the names, electronic mail addresses, and physical mailing addresses of its current Board members and officers;

i. its most recent annual report delivered to the Secretary of State, if any;

j. financial records sufficiently detailed to enable the Association to comply with C.R.S. §38-33.3-316 (8), concerning statements of unpaid assessments;

k. the Association's most recent reserve study, if any;

l. current written contracts to which the Association is a party and contracts for work performed for the Association within the immediately preceding two years;

m. records of Board or committee actions to approve or deny any requests for design or architectural approval from Owners;

n. ballots, proxies, and other records related to voting by Owners for one year after the election, action, or vote to which they relate;

o. Resolutions adopted by the Board relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members; and

p. all written communications within the past three (3) years to all Owners generally as Owners.

Section 13.3 Inspection of Association Records by Members. All records maintained by the Association must be available for examination and copying by an Owner or the Owner's authorized agent. The Association may require Owners to submit a written request, describing with reasonable particularity the records sought, at least ten (10) days prior to inspection or production of the documents, and may limit examination and copying times to normal business hours or the next regularly scheduled Board meeting if the meeting occurs within thirty (30) days after the request. Notwithstanding any provision of the Governing Documents to the contrary, the Association may not condition the production of records upon the statement of a proper purpose. The Association will make electronic copies of all records available to an Owner upon the Owner's request. Paper copies of requested records will be provided to Owner at a cost of \$___ per page charged to the Owner.

Section 13.4 Statement of Assessments. The Board or Manager, if any, will furnish to any Owner, the Owner's designee or Mortgagee, upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner. The statement will be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Board, and every Owner. If no statement is furnished to the Owner or Mortgagee, or Owner's designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association will have no right to assert a lien upon the Condominium Unit for unpaid assessments that were due as of the date of the request. The Association must keep financial records sufficiently detailed to enable the Association to comply with C.R.S. §38-33.3-316(8) concerning statements of unpaid assessments. All financial and other records will be made reasonably available for examination by any Owner or the Owner's designees.

Section 13.5 Notices. Except as otherwise provided in the Declaration or these Amended and Restated Bylaws, all notices, demands, bills, statements, or other communications under the Declaration or these Amended and Restated Bylaws will be in writing and will be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

a. If to an Owner, at the Owner's registered mailing address, filed with the Secretary, or, if no such address has been designated, at the address of such Owner.

b. If to the Association, the Board, or the Manager, at the principal office of the Association or the Manager or at such other address designated by written notice to the Owner pursuant to this section; or

c. If to any committee, at the principal address of the Association or at such other address designated by written notice to the Owner pursuant to this section.

ARTICLE XIV **COLLECTION OF UNPAID ASSESSMENTS**

Section 14.1 Purpose of the Collection Policy. One of the many advantages of living in a community association is sharing with other members the costs of certain maintenance, repairs, and amenities that are often too expensive for a single Owner. All Owners are legally bound to share those costs. It is imperative for the proper maintenance of the Association's Common Elements that all assessments, whether regular or special, be paid in full and on time. Delinquencies throw the association's entire budget off course and negatively affect all Members' property values and lifestyles. To maintain our community adequately, state statutes and our Governing Documents give the Board the authority to impose and collect assessments and other allowable charges from Members. In fact, the Board owes a duty to all Members to make sure everyone pays. The Board has adopted the following policy to fulfill its duty in a fair, systematic, and impartial manner.

Section 14.2 Common Expenses. "Common Expenses" are any amount an Owner must pay to the Association. It includes all sums assessed against the general common elements, expenses of administration and management, maintenance, repair or replacement of the general common elements, expenses declared common expenses by the Declaration or these Amended and Restated Bylaws, and expenses agreed upon as common expenses by the Owners. It includes regular annual assessments, special assessments, rules violation fines, late fees, common area repairs, insurance deductibles not assessed to an Owner and any other fees, interest, or charges imposed under this policy.

Section 14.2 Where to Send Payment. Deliver all payments to the Association as follows:

Summit Yacht Club
c/o Summit Resort Group
P.O. Box 2590
Dillon, CO 80435

Section 14.3 When Common Expenses Are Due. Assessments are due in advance on the first day of each year. Members may pay their annual assessments in equal monthly installments on the first day of each month. Payments of other common expenses are due ten (10) days after the mailing of notice of Members' obligation to pay, unless otherwise stated. If a Member does not pay in full any common expense by its due date, that payment is delinquent.

Section 14.4 Collection Process.

a. After an installment of an annual assessment or other charges due to the Association become more than thirty (30) days delinquent, the Manager will send a written notice of non-payment ("First Notice"). The First Notice will state the amount past due; that

interest and late fees have accrued and the amount thereof, will provide notice of the Association's intent to file a lien, request immediate payment, and inform the delinquent Owner that if they do not cure the delinquency within 30 days their account may be turned over to the Association's attorney for collection.

b. After an installment of an annual assessment or other charge due to the Association becomes more than sixty (60) days delinquent, the Manager may send the delinquent Owner a second written notice of non-payment ("Second Notice"). The Second Notice will state the amount past due, that interest and late fees have accrued and the amount thereof, and that the Manager will turn the account over to the Association's attorney for collection if they do not cure the delinquency within 30 days after the date of the Second Notice.

c. After receiving the delinquent account, the Association's attorney will file a lien and send a letter ("Final Notice") to the delinquent Owner demanding immediate payment for past due assessments or other charges due, and that the delinquent Owner has ten (10) days from the date of the Final Notice to cure the delinquency or enter into a payment plan with the Association to cure the entire amount of the delinquency within a minimum of 6 months. Upon further review, the Association's attorney may file a lawsuit or pursue other remedies the Governing Documents authorize. A delinquent Owner must pay reasonable attorney's fees the Association incurs together with costs, applicable interest and late fees, whether or not suit is initiated.

Section 14.5 Late Payments. Once a common expense is delinquent, the Board may take any or all of the following actions:

a. Accelerate the balance for the rest of the year. In the event that any Member's monthly assessment remains unpaid for more than fifteen (15) days after the due date, the Association may, in its discretion, and in addition to any other remedies that may exist with respect to such delinquency, declare the entire remaining balance of such Member's annual assessment for that fiscal year immediately due and payable upon ten (10) days' written notice to the Member to that effect.

b. Late fees and interest. If the Association does not receive payment for any common expense in full on or before the thirty (30) days after it becomes due, the delinquent Member must pay liquidated damages for the Association's time, inconvenience, and overhead in collecting the late payment, as follows:

- i. a monthly late fee equal to **1.5%** of the balance of unpaid common expenses; and
- ii. interest at the rate of **8%** per annum accruing from the date due until the date of payment.

These charges will be treated as common expenses.

c. Any Member who writes a check to the Association that the Association's bank returns for any reason must pay the following charges:

- i. Any applicable late fee pursuant to this Section 14.5;
- ii. liquidated damages in the amount equal to the face value of the check, draft or money order;
- iii. a return check charge of **\$20.00** plus any related bank charges

that the Association incurs because of the returned check; and

iii. If notice has been sent pursuant to C.R.S. §13-21-109 and the total amount due set forth in that notice is not paid within fifteen (15) days after such notice is given, the person issuing the check, draft or money order will be liable to the Association for collection of three (3) times the face amount of the check, but not less than \$100.

These charges will be treated as common expenses.

d. If an account contains delinquencies for more than thirty (30) days or more, the Owner's voting rights will be automatically suspended without notice.

Section 14.6 Crediting Late Payments. All delinquent accounts remain delinquent until paid in full. Acceptance of partial payments will not waive the Association's right to pursue full payment and/or to enforce the provisions of this policy. The Association will apply partial payments to the outstanding balance in the following order:

- a. Fines, late fees, and interest;
- b. Court costs, attorney's fees, and other costs of collection;
- c. Special assessments; and
- d. Regular assessments, with payments applied to the oldest balance first.

Section 14.7 Acceleration and Deceleration of Assessments. The Board reserves the right to accelerate and call due the entire unpaid annual or special assessment of any delinquent account. Such acceleration will result in the entire unpaid annual assessment being due to the Association immediately. The Board also reserves the right to decelerate any accelerated assessment.

Section 14.8 Certificate of Status of Assessment. The Association will furnish to an Owner or such Owner's designee within fourteen (14) days after written request to the Association's agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Condominium Unit. However, if the account has been turned over to the Association's attorney, such request will be handled through the attorney.

Section 14.9 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 Condominium Unit, the Manager will notify the Association's attorney of the same and turn the account over to the Association's attorney, if appropriate.

Section 14.10 Notices. The Association will cause a collection or demand letter or notice to be hand delivered or sent to a delinquent Owner at the registered or last known address by regular mail. The Association may, but is not required to send an additional copy of that letter or notice by e-mail or certified mail.

Section 14.11 Appointment of a Receiver. The Association may seek the appointment of a receiver if an Owner becomes delinquent in the payment of assessments pursuant to the Declaration and Colorado law. A receiver is a disinterested person, appointed by the court that manages the rental of the property, 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 property.

Section 14.12 Judicial Foreclosure. The Association may choose to foreclose on its 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.

Section 14.13 Assignment of Rents. In the event of any delinquency, Owner assigns all rents of their Condominium Unit to the Association, who upon written notice to the Tenant will be entitled to collect all rent and other sums due under the rental agreement.

Section 14.14 Waivers. The Association is authorized to extend the time for the filing of lawsuits and liens, or to otherwise modify the procedures contained herein, as the Association determines is appropriate under the circumstances.

Section 14.15 Communication with Owners. All communication with a delinquent Owner will be handled through the Association's attorney once a matter is referred to the attorney. A Board member or Manager may not 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.

Section 14.6 Defenses. Failure of the Association to comply with any provisions in this Article XIII will not be deemed a defense to payment of assessment fees or other charges, late charges, return check charges, attorney fees and/or costs as described and imposed in this Article.

ARTICLE XV **RESTRICTIONS ON OWNERSHIP AND LEASING OF CONDOMINIUM UNITS**

Section 15.1 Fractional Restriction Rationale. Owners hold fee simple titles to their Condominium Units but share in ownership of common elements as tenants in common. Because the Condominium Units are located close together, Owners are frequently in contact with one another. Community governance and maintenance of common elements is a shared responsibility. Each Owner is vulnerable to diminution in the value and enjoyment of the Condominium Unit if:

- a. other Owners do not pay their assessments;
- b. Owners transfer ownership or leasehold interests in any Condominium Unit so as to inhibit loan availability in the community; or
- c. community occupants fail to abide by restrictions governing conduct and shared use of common elements.
- d. The restrictions in this Article are intended to promote a cohesive community of Owners for their common welfare.

Section 15.2 Maximum Number of Co-Owners or Tenants. No Condominium Unit may be owned by or leased to more than four Owners. The number of members, partners, shareholders or beneficiaries of any entity that owns a Condominium Unit, including partnerships, corporations, limited liability companies, trusts and other business entities, is also limited to no more than four. Any Owner of an ownership or leasehold interest in a Condominium Unit, whether as tenant in common, joint tenant or as owner/beneficiary of any entity is considered a Co-Owner. Two or more Co-Owners related by blood or marriage may together own any interest in a Condominium Unit and will be considered one Owner.

Section 15.3 Joint and Several Liability. Each Co-Owner of a Condominium Unit will be jointly and severally liable for payment of all Association assessments to such Condominium Unit and for any other sums due by any other Co-Owner of such Condominium Unit under the Governing Documents.

Section 15.4 Condominium Unit Management. All Co-Owners will execute an agreement to address ownership interest, management, maintenance, loans, default remedies and use. The agreement will also specify termination and exit provisions for the Co-Owners, including sale of the Condominium Unit. The agreement will be subject to the reasonable approval of the Association. To cover additional maintenance costs for Common Elements by Condominium Units with Co-Owners a fee of \$_____ will be charged to review and approve the co-ownership and management agreement. The Board may reject any co-ownership regime that inhibits or increases the cost of mortgage financing in the community.

Section 15.5 Time Share Estate Limitation. Timeshare estates as defined in the Condominium Ownership Act are prohibited in any Condominium Unit under the terms of the Declaration.

ARTICLE XVI **CONDOMINIUM UNIT AND COMMON ELEMENT MODIFICATION**

Section 16.1 Condominium Unit Alterations. Subject to other provisions of law, an Owner may make any improvements or alterations to his Condominium Unit that do not impair the Building's structural integrity, electrical systems, plumbing systems or mechanical systems or lessen the support of any portion of the Building. Before commencing construction, the Owner must provide the Board with a copy of the plans prepared by a licensed Colorado architect or engineer, if any Common Element systems such as heat, electricity or plumbing, or the structure of the building will be modified as part of the alterations. The Board will review the plans for the proposed alteration as provided in Section 16.3 below. It is the policy of this community to encourage and support Condominium Unit renovation subject to the guidelines in this Article XVI. This provision does not restrict an Owner's right to move, remove, alter, or change any interior, nonstructural wall or partition, or change the use or designation of any room within his Condominium Unit; provided, however, that such change does not adversely affect the structural integrity of the Building or overload the Building systems.

Section 16.2 Common Element Alterations. No Owner may change the appearance of the Common Elements without written permission of the Association. The Owner desiring to make any alteration to the Common Elements must notify the Board of a conceptual proposal and discuss the conceptual proposed change with the Board before proceeding as provided in subparagraph 16.3 below.

Section 16.3 Plan Review by Board. The Board must approve plans of any

proposed alteration of Common Elements to accomplish renovation of a Condominium Unit, and plans of any proposal to modify Common Elements outside a Condominium Unit. A licensed Colorado architect or engineer must prepare the plans containing a certification that the proposed improvements conform to applicable laws, building and fire codes. The Board may consider the following in determining whether to approve the Condominium Unit or Common Element alterations:

- a. whether the structural integrity or function of the Common Elements will be diminished;
- b. will the alteration diminish or interfere with the enjoyment of the Common Elements or other Condominium Units by Owners and guests;
- c. is the proposed improvement compatible and in harmony with existing improvements; and
- d. will the Association incur increased maintenance responsibilities or costs or additional liability and should the Owner provide insurance coverage to address such additional liability risks.

Section 16.4 Consultants and License. The Board may consult with engineers or architects to evaluate plans. The applicant will pay the cost of such review. Board review may be deferred until the Owner has paid a deposit against projected consultant review costs. Approval of alterations may be conditioned upon a license agreement that confirms the terms of the approved alteration, provides for the Owner or its contractor to indemnify the Association against damages, and requires the Owner to be responsible for costs of maintenance and repairs, and such other provisions as approved by the Board.

ARTICLE XVII **LEASE RESTRICTIONS AND RULES**

Section 17.1 Lease Notice. Any Owner who desires to lease his or her Condominium Unit for a term of thirty (30) days or longer will file with the Board or the Manager a Lease Notice to identify the Owner, Condominium Unit, names of the prospective tenant and other Condominium Unit occupants, vehicle identification information and Lease term. A Lease Notice will also be filed with the Association by a rental agent engaged by any owner to lease Condominium Units for terms of 30 days or longer. The Lease Notice will be in a form and contain such other information as approved by the Board.

Section 17.2 Posting of House Rules. A current version of the House Rules adopted by the Association will be posted in each Condominium Unit.

Section 17.3 Occupancy Limits. Occupancy by tenants and their guests are limited to three (3) persons in a one bedroom Condominium Unit and six (6) persons in a two bedroom Condominium Unit. Upon application by the Condominium Unit Owner the Board may increase this limit to address fair housing law issues for a family.

Section 17.4 Tenant Qualification. Each Owner is required to obtain background information from all tenants to confirm criminal and credit history, and referrals from previous landlords. An Owner may obtain a lease addendum from the Association to permit prompt termination of the lease upon an arrest or citation by police of criminal activity or any conviction

of a crime by a tenant or guest.

Section 17.5 Pets. Pets are prohibited in any Condominium Unit that is rented either on a short or long term basis.

Section 17.6 Association Remedies. The Owner will be jointly and severally responsible for assessments, costs, fines and reasonable attorney fees levied or incurred by the Association as a result of a violation of any association covenants or rules in the Declaration, Bylaws or Rules by any tenant or other occupant of a Condominium Unit. The Association may also seek injunctive relief to halt violations committed by a tenant, including an order to remove the violator from the community. The Owners will not request any bond to be posted in connection with such injunctive relief requested by the Association.

ARTICLE XVIII **COVENANT AND RULE ENFORCEMENT**

Section 18.1 Reporting Violations. Complaints regarding alleged violations of the Association's covenants, policies, restrictions, rules and regulations may be reported by an Owner or resident within the community, the Board or the Manager.

Section 18.2 Complaints.

a. **Owner.** Complaints by Owners or residents must be in writing and submitted to the Board. Each written complaint must: identify the individual making the complaint (the "Complainant"); identify the alleged violator ("Violator"), if known; set forth a statement describing the alleged violation, including the specific provisions of the Governing Documents which are alleged to have been violated; when the violation was observed; and any other appropriate information. Non-written complaints, or written complaints failing to include any information required by this provision, may not be investigated or prosecuted at the discretion of the Association, and may be returned to the Complainant for revision and/or clarification.

b. **Management.** A Board member or Manager may make complaints in writing or by any other means deemed appropriate by the Board if a Board Member or Manager observed such violation.

Section 18.3 Investigation. Upon receipt of a complaint the Board will initiate a fair and impartial investigation as to whether the violation occurred and if so whether the Violator should be held responsible. The Board may investigate the alleged violation, or may designate an individual or committee to investigate the matter.

Section 18.4 Initial Warning Letter. If an alleged violation is found to exist, a warning letter will be sent to the Violator explaining the nature of the violation. The warning letter may be personally delivered, mailed to the Member at the Member's last known address by certified, return receipt requested mail, or sent by e-mail to an Owner who has registered an e-mail address if the Owner confirms receipt of such e-mail notice. If the Violation is capable of cure, the Violator will have ten (10) days from the date of the letter to come into compliance.

Section 18.5 Continued Violation After Initial Warning Letter. If the alleged Violator does not come into compliance within ten (10) days of the first warning letter, this will be considered a second violation for which a fine may be imposed following notice and opportunity

for a hearing. A second letter will be sent to the alleged Violator as provided in Section 18.4 above, providing notice and an opportunity for a hearing, and explaining if a violation is found to exist, a fine may be imposed pursuant to this Article XVIII. The letter will further state that the alleged Violator is entitled to a fair and impartial fact finding process on the merits of the matter if requested, in writing, within fourteen (14) days of the date of the second violation letter.

Section 18.6 Notice of Hearing. If the alleged Violator requests a hearing, the Board, committee or other person conducting such hearing, as may be determined in the sole discretion of the Board, will serve a written notice of the hearing to all parties involved at least ten (10) days prior to the hearing date. The notice must be served upon the Complainant, the Violator, and the Board, if the Board is not conducting the hearing. An impartial decision maker will conduct the hearing. An impartial decision maker means a person or group of persons who have the authority to make a decision regarding the enforcement of the Association's covenants, conditions, and restrictions, including its architectural requirements and other rules and regulations of the Association, and do not have any direct personal or financial interest in the outcome.

Section 18.7 Hearing. At the beginning of each hearing, the presiding officer will introduce the case by describing the alleged violation and the procedure to be followed during the hearing. The presiding officer may impose such other rules of conduct as may be appropriate under the circumstances. Each party or designated representative may make an opening statement, present evidence and testimony, present witnesses, and make a closing statement. Neither the Complainant nor the alleged Violator is required to be in attendance at the hearing. The Board, Committee or person conducting the hearing will base its decision solely on the matters set forth in the Complaint, results of the investigation and such other credible evidence as may be presented at the hearing. Unless otherwise determined by the Board, all hearings will be open to attendance by all Owners. After all testimony and other evidence has been presented at a hearing, the Board, Committee or person conducting the hearing will, within a reasonable time, not to exceed ten (10) days, render its written findings and decision, and impose a fine, if applicable. A decision, either a finding for or against the Owner, will be by a majority of the Board members present at the hearing. Failure to strictly follow the hearing procedure set forth above will not constitute grounds for appeal of the hearing committee's decision absent a showing of denial of due process.

Section 18.8 Failure to Timely Request Hearing. If the alleged Violator fails to request a hearing within fourteen (14) days of the second letter, or fails to appear at the hearing, the Board may make a decision with respect to the alleged violation based on the Complaint, results of the investigation, and any other available information without the necessity of holding a formal hearing. If a violation is found to exist, the alleged Violator may be assessed a fine pursuant to these policies and procedures.

Section 18.9 Notification of Decision. The decision of the Board, committee or other person, will be in writing and provided to the Violator and Complainant within ten (10) days of the hearing, or if no hearing is requested, within 10 days of the final decision.

Section 18.10 Appeals. The Violator may file a written appeal of decisions of a Committee or other persons to the Board of any adverse decision of a hearing committee or individual within 10 days of the decision.

Section 18.11 Fine Schedule. The following fine schedule applies to all recurring covenant violations:

First violation:	\$50.00
Second violation	\$100.00
Third violation	\$250.00

Fourth and subsequent covenant violations may be turned over to the Association's attorney to take appropriate legal action. Any Owner committing four or more violations in a six month period (whether such violations are of the same covenant or different covenants) may be immediately turned over to the Association's attorney for appropriate legal action.

Section 18.12 Continuous Violations. Continuous violations are defined as violations of Owners obligations that are uninterrupted by time. Each day of non-compliance with such violations constitutes a separate violation. If an Owner is determined as having a continuous violation, in accordance with the terms of this Policy, such Owner may be subject to a daily fine of \$75 for each day the violation, up to a maximum of 30 days, following a notice and opportunity for a hearing as set forth above. The Board need not issue a separate notice or have a separate hearing for each day of a continuous violation.

Section 18.13 Waiver of Fines. The Board may waive all, or any portion, of the fines if, in its sole discretion, such waiver is appropriate under the circumstances. Additionally, the Board may condition waiver of the entire fine, or any portion thereof, upon the Violator coming into and staying in compliance with the Governing Documents.

Section 18.14 Other Enforcement Means. This fine schedule and enforcement process is adopted in addition to all other enforcement means that are available to the Association through the Governing Documents and Colorado law. The use of this process does not preclude the Association from using any other enforcement means.

Section 18.15 Attorney Fees. A member will be responsible for the Association's reasonable attorney's fees and costs incurred incident to the violation of any provision of the Governing Documents by the Member or any guest or occupant in the Member's Condominium Unit. If either before or after the hearing it is determined that a Member has not committed any violation, the Association will not allocate to the Member's account any costs or attorneys' fees incurred in connection with the alleged violation.

ARTICLE XIX **AMENDMENTS**

Section 19.1 Amendment by the Members. These Amended and Restated Bylaws may be amended by the affirmative vote of at least a majority of the Condominium Unit Owners. However, notwithstanding the foregoing, no provisions of these Amended and Restated Bylaws may be amended by a number of Members which is less than the number of Members required within that particular provision to take certain action. Amendments may be proposed by the Board or by petition signed by the holders of at least a majority of the votes. A statement of any proposed amendment will accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon.

Section 19.2 Scope of Amendments. These Amended and Restated Bylaws may not be amended in a manner inconsistent with the Articles of Incorporation of the Association, the Declaration, or Colorado law.

ARTICLE XX
ADOPTION OF RULES, POLICIES, PROCEDURES OR GUIDELINES

Section 20.1 Scope. The Board may, from time to time, adopt rules, policies, procedures or guidelines ("Policies") as may be necessary to facilitate the efficient operation of the Association, including the clarification of ambiguous provisions in other documents, or as may be required by law. In order to encourage Owner participation in the development of such Policies and to insure that such Policies are necessary and properly organized, the Board will follow the following procedures with adopting any Policy.

Section 20.2 Drafting Procedure. The Board will consider the following in drafting the Policy:

- a. Whether the Governing Documents or Colorado law grants the Board the authority to adopt such a Policy.
- b. Does the policy make sense?
- c. Is this the least restrictive way to approach the issue?
- d. Is this policy still needed?
- e. Does it address a current problem?
- f. Is it acceptable to residents?
- g. Is the policy enforceable?

Section 20.3 Notice and Comment. Notice of the proposed Policy will be provided to all Owners or posted on the Association's website, if any, and Owners will be allowed a minimum of 3 days to provide comment and/or feedback on the proposed Policy. Notice of the proposed Policy will also be given on the Board's regular or special meeting agenda.

Section 20.4 Emergency. 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.

Section 20.5 Adoption Procedure. After the period for Owner comment expires, the Board may adopt any Policy. Upon adoption of a Policy, the Policy or notice of such Policy, including the effective date will 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 website (if any), e-mail or mailing.

Section 20.6 Policy Book. The Board will keep copies of any and all adopted Policies in a book together with all other Governing Documents.

ARTICLE XXI
INSURANCE DEDUCTIBLES AND CLAIMS

Section 21.1 Insurance. The Association shall maintain property insurance and liability insurance for the Project, including the Common Elements and the Condominium Units, as required under Paragraphs 16 and 17 of the Declaration. Each Owner should obtain a homeowners (HO-6) policy which covers personal property such as furniture and furnishings within a Condominium Unit, liability and loss assessments.

Section 21.2 Deductible Amount. From time to time, the Board, in its reasonable discretion, may set, increase or decrease the amount of the deductibles for the Association's insurance policies. The Board must provide written notice of any such change to the Owners prior to the change taking effect. This notice is intended to allow Owners the opportunity to modify their individual policy coverage if necessary.

Section 21.3 Payment of Deductible by Responsible Owner. Except as otherwise provided in this Article XXI, for each and every insurance claim regardless of its amount for which the Association pays or is required to pay all or part of a deductible (the "Deductible"), the Association, through the Board, may require the Owner or Owners whose act or omission, or the act or omission of such Owner's family members, invitee, guest, tenant, licensee, employee, contractor or agent caused, in whole or in part, the loss or casualty, even if such act or omission was not negligent or otherwise improper, wrongful or unlawful (the "Responsible Owner") to pay such Deductible. In the event that there is more than one Responsible Owner, the Board in its reasonable discretion may assess each Responsible Owner a pro rata share of the Deductible. Unpaid Deductibles assessed against an Owner will be a lien against the Owner's Condominium Unit.

Section 21.4 Determination of Responsible Owner. For each Deductible, the Board may determine and make findings, in its reasonable discretion, as to the Responsible Owner, including without limitation whether there is a Responsible Owner or Owners, the identity of the Responsible Owner or Owners, and, in the event of more than one Responsible Owner, the pro rata share of the Deductible to be allocated amongst the Responsible Owners. All determinations by the Board will be made in a nondiscriminatory manner so that all Owners are treated equally.

Section 21.5 Deductible as Common Expense. In the event that there is a Deductible for which there is no Responsible Owner, or if the Board determines in its reasonable discretion that good cause exists to not assess all or part of a Deductible against a Responsible Owner, the Deductible or part therefore not assessed will be paid by the Association and will be a Common Expense.

Section 21.6 Claims Policy.

a. **Notice of Claim.** Any Owner who may have a claim covered by an Association insurance policy will promptly notify the Board in writing upon discovery of the claim. The Association will have a reasonable time to investigate the Owner's claim and may file such claim on behalf of the Owner. If the Board does not file a claim or elect to repair the damage as provided in subparagraph b below, it will notify the Owner within fifteen (15) days of receiving the Owner's written notice, and the Owner may file a claim against the Association's policy.

b. **Association Payment of Claim.** The Board in its reasonable discretion may choose not to submit a claim to the Association's insurance, including an Owner's claim, provided that the Association causes the claim to be paid as if and to the extent such claim would have been paid had the claim been so submitted. In the event the Board does not submit, and the Association instead pays, a claim in accordance with the foregoing sentence, the Board may assess the applicable Deductible in accordance with Section 21.3.

ARTICLE XXII
DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

The Association and its officers, Board members, and committee members, all Members and persons subject to the Declaration and any person not otherwise subject to the Declaration who agrees to submit to this policy (collectively, the "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Association without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in Section 22.1, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth below in good faith effort to resolve such Claim.

Section 22.1 Claims. As used in this Article XX, the term "Claim" refers to any claim, grievance, or dispute arising out of or relating to:

- a. The interpretation, application, or enforcement of the Governing Documents;
- b. The rights, obligations and duties of any Bound Party under the Governing Documents; or
- c. The design, modification or construction of improvements within the Building, other than matters of aesthetic judgment, which shall not be subject to review;

Except that the following are not "Claims" unless all parties to the matter otherwise agree to submit the matter to the following procedures:

- d. Any suit by the Association to collect assessments or other amounts due from any Owner;
- e. Any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the Court may deem necessary in order to maintain the status quo and preserve the Association's ability or to enforce the provisions of this Declaration upon determination that a violation exists;
- f. Any suit between Owners, which does not include the Association as a party, if such suit asserts a Claim that would constitute a cause of action independent of the Governing Documents;
- g. Any suit in which any indispensable party is not a Bound Party;
- h. Any suit as to which any applicable statute of limitations would expire within 60 days of giving the Notice required to assert a claim, unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article; and
- i. Any Covenant or Rule Enforcement action by the Association as provided in Article XVIII, except that prior to commencement of any civil action Mediation will occur as provided below.

Section 22.2 Dispute Resolution Procedures.

a. Notice. The Bound Party asserting a Claim (“Claimant”) against another Bound Party (“Respondent”) must give written notice to each Respondent and to the Board stating plainly and concisely:

- i. The nature of the Claim, including the Persons involved and the Respondent’s role in the Claim;
- ii. The legal basis of the Claim (*i.e.* the specific authority out of which the Claim arises);
- iii. The Claimant’s proposed resolution or remedy; and
- iv. The Claimant’s desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation. The Claimant and Respondent will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

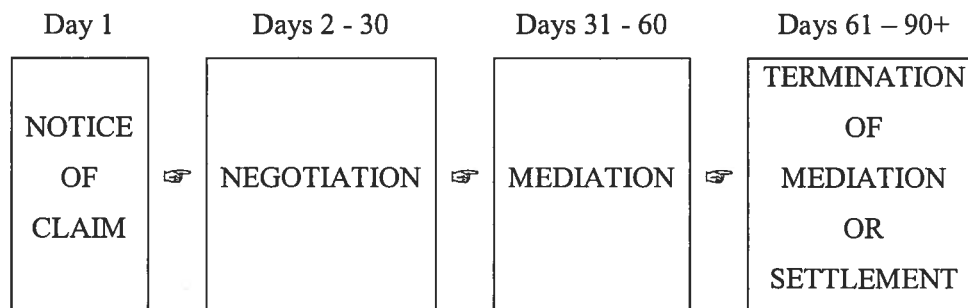
c. Mediation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the notice described in paragraph a above (or within such other period as the parties may agree upon), the Claimant will have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in Colorado.

i. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claim is waived, and the Respondent is relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

ii. If the Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant will then be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

iii. Each Party will bear its own costs of the mediation, including attorney’s fees and each Party will share equally all mediator’s fees.

d. Alternative Dispute Resolution Process



e. Settlement. Any settlement of the Claim through negotiation or mediation must be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. If the party taking action to enforce the agreement or award prevails, they will be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorney's fees and court costs.

f. Litigation - Attorney Fees. If a lawsuit is initiated to enforce or defend any provision of CCIOA or the Governing Documents, the court will award the prevailing party reasonable attorney's fees and costs of collection. If an Owner prevails in any civil action, the Association may not assess the successful litigant for the Association's attorney fees or costs incurred.

ARTICLE XXIII **COMPLIANCE POLICIES**

The policies adopted hereunder are adopted in conformity with the amendments to the Colorado Common Interest Ownership Act, CRS §38-33.3-101, et seq,. It is the Association's intent that these policies and Colorado law will prevail over contrary provisions in the Association's Governing Documents.

The Association adopts the following policies with regard to the following items addressed in SB 100 and 89:

Section 23.1 Owner Education. On at least an annual basis the Association will provide Owners with education as to general operations and rights and responsibilities of the Owners and the Association under the Governing Documents.

Section 23.2 Prohibitions contrary to public policy - patriotic and political expression - emergency vehicles - fire prevention - definitions. The Association may not prohibit any of the following:

a. An Owner's display of the American flag on their property, in a window of the Owner's residence, or on a balcony adjoining the Owner's property if the American flag is displayed in a manner consistent with the federal flag code, P.L. 94-344; 90 stat. 810; 4 U.S.C. 4 to 10. The Association may adopt reasonable rules regarding the placement and manner of display of the American flag. The Association rules may regulate the location and size of flags and flagpoles, but may not prohibit the installation of a flag or flagpole.

b. An Owner's display of a service flag bearing a star denoting the service of the Owner or a member of the Owner's immediate family in the active or reserve military service of the United States during a time of war or armed conflict, on the inside of a window or door of the Owner's residence. The Association may adopt reasonable rules regarding the size and manner of display of service flags; except that the maximum dimensions allowed may not be less than nine (9) inches by sixteen (16) inches.

c. An Owner's display of a political sign or in a window of their Condominium Unit; except that the Association may prohibit the display of political signs earlier than forty-five

(45) days before the day of an election and later than seven (7) days after an election day. The Association must permit at least one (1) political sign per political office or ballot issue that is contested in a pending election, with the maximum dimensions of thirty-six (36) inches by forty-eight (48) inches, on an Owner's property.

As used in this paragraph c, "political sign" means a sign that carries a message intended to influence the outcome of an election, including supporting or opposing the election of a candidate, the recall of a public official, or the passage of a ballot issue.

d. Reasonable modifications to a Condominium Unit or to Common Elements as necessary to afford a person with disabilities full use and enjoyment of the Condominium Unit in accordance with the Federal "Fair Housing Act of 1968" and any other applicable state or federal statute.

Section 23.3 Parking of Emergency Vehicles. The Association may not prohibit the parking of a motor vehicle by a Condominium Unit occupant on a street, driveway, or guest parking area if the vehicle is required to be available at designated periods at the occupant's residence as a condition of employment and all of the following criteria are met:

a. The vehicle has a gross vehicle weight rating of ten thousand pounds or less;

b. The occupant is a bona fide member of a volunteer fire department or is employed by a primary provider of emergency firefighting, law enforcement, ambulance, or emergency medical services;

c. The vehicle bears an official emblem or other visible designation of the emergency service provider; and

d. Parking of the vehicle can be accomplished without obstructing emergency access or interfering with the reasonable needs of other Owners to use streets and driveways within the common interest community.

Section 23.4 Amendments to Declaration. Regardless of the provisions of Section 15 of the Declaration, and in accordance with C.R.S. §38-33.3-217, the Declaration may be amended by an affirmative vote of no less than 67% of the Owners.

Section 23.5 Audit/Review.

a. Audit: The books and records of the Association will be subject to an audit by a certified public accountant, using generally accepted auditing standards, upon the following conditions:

- i. At the discretion of the Board;
- ii. The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars (\$250,000), and
- iii. One-third (1/3) of the Owners request an audit.

b. Review: The books and records of the Association will be subject to a review by an independent and qualified person selected by the Board upon the conditions set forth below. The person selected to conduct a review need not be a certified public accountant,

but must have 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, and shall use statements on standards for accounting and review services. A review will be conducted upon the following conditions:

- i. At the discretion of the Board;
- ii. One-third (1/3) of the Owners request a review.

Section 23.6 Xeriscape. The Board may not adopt any regulation or take any action that prohibits or limits xeriscape, prohibits or limits the installation or use of drought-tolerant vegetative landscapes, or requires cultivated vegetation to consist exclusively or primarily of turf grass, all as more specifically set forth and defined in C.R.S. §37-60-126.

Section 23.7 Energy efficiency. The Association will not prohibit the use or installation of energy efficient measures as provided in CRS § 38-33.3-106.7.

ARTICLE XXIV **NONPROFIT CORPORATION**

This Association is not organized for profit. No Member, Board member, or person from whom the Association may receive any property or funds will receive or will be lawfully entitled to receive any pecuniary profit from the operations of the Association, and in no event will any part of the funds or assets of the Association be paid as a dividend or be distributed to, or inure to the benefit of any Board member. Notwithstanding the foregoing, (a) reasonable compensation may be paid to any Member or Board member acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association; (b) any Member Board member may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and (c) any Board member may be reimbursed for actual and reasonable expenses incurred in the performance of his duties.

ARTICLE XXV **LENDERS**

Section 25.1 Notice to the Association. Any Owner that grants a security interest in a Condominium Unit shall upon request, notify the Association through the Managing Agent or the Secretary of the name and address of the lender. The Association will maintain such information as Association records pursuant to Article XIII above.

Section 25.2 Notice of Unpaid Assessments. Upon request of a lender holding a security interest, the Association will provide a report of the Owner's unpaid assessments.

ARTICLE XXVI **MISCELLANEOUS**

Section 26.1 Fiscal Year. The Association's fiscal year will begin on the ____ day of _____ and end on the _____ day of _____ each year.

Section 26.2 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Amended and Restated Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Amended and Restated Bylaws,

the Declaration will control.

Section 26.3 Numbers and Genders. Whenever used herein, unless the context otherwise provides, the singular numbers include the plural, the plural the singular, and the use of any gender includes all genders.

CERTIFICATE

The undersigned Secretary of the Association does hereby certify that the above and foregoing Amended and Restated Bylaws were duly adopted by the Board of Managers of this Association as the Amended and Restated Bylaws of this Association on the 9 day of Aug, 2013, and that they constitute the Amended and Restated Bylaws of this Association.

Fourth Filing Owners Association, Inc.

By: , Secretary