

**BYLAWS
OF
TIERRA VISTA VILLAGE
HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE 1
INTRODUCTION**

These are the Bylaws of Tierra Vista Village Homeowners' Association, Inc. which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act"). The name of the corporation is Tierra Vista Village Homeowners' Association, Inc., (hereinafter referred to as the "Association").

**ARTICLE 2
BOARD**

Section 2.1 Number and Qualification - Termination of Declarant Control.

(a) The affairs of the Common Interest Community and the Association shall be governed by a Board of Directors (defined by the Act as the Executive Board) which, until the termination of the period of Declarant control, shall consist of at least three persons, and following such date shall continue as a minimum of 3 persons (and may be increased up to 5 persons) unless amended, the majority of whom, excepting the Directors appointed by the Declarant, shall be Unit Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Unit Owner shall be eligible to serve as a Director and shall be deemed to be a Unit Owner for the purposes of the preceding sentence. Directors shall be elected by the Unit Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Unit Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Nonprofit Corporation Act for conducting the elections.

(b) The terms of at least one-third of the Directors not appointed by the Declarant shall expire annually, as established in a resolution of the Unit Owners.

(c) The Declarant shall govern appointment of Directors of the Board of Directors during the period of Declarant control.

(d) The Board of Directors shall elect the officers. The Directors and officers shall take office upon election.

(e) At any time after Unit Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 50 days' notice to the Unit Owners for this purpose. This meeting may be called and the notice given by any Unit Owner if the Association fails to do so. Election of Directors shall be by simple majority vote of the members at the annual meeting.

Section 2.2 Powers and Duties. The Board of Directors may act in all instances on

behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- (a) Adopt and amend Bylaws and Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge employees, independent contractors and agents other than managing agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities;
- (h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to §38-33.3-312 of the Act;
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions for no more than one year, through or over the Common Elements;
- (l) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- (m) Impose a reasonable charge for late payment of assessments, recover reasonable attorney's fees and other legal costs for collection of assessments and other action to enforce the power of the Association (regardless of whether or not suit was initiated) and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, and Rules and

Regulations of the Association;

(n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;

(o) Provide for the indemnification of the Association's officers and the Board of Directors and maintain Directors' and officers' liability insurance;

(p) Exercise any other powers conferred by the Declaration or Bylaws;

(q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

(r) Exercise any other power necessary and proper for the governance and operation of the Association; and

(s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Board of Directors. However, actions taken by a committee may be appealed to the Board of Directors by any Unit Owner within 45 days of publication of notice of that action, and the committee's action must be ratified, modified or rejected by the Board of Directors at its next regular meeting.

Section 2.3 Manager. The Board of Directors may employ a Manager for the Common Interest Community, at a compensation established by the Board of Directors, to perform duties and services authorized by the Board of Directors. The Board of Directors may delegate to the Manager only the powers granted to the Board of Directors by these Bylaws under Section 2.2, Subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Board of Directors and to fulfill the requirements of the budget.

Section 2.4 Removal of Directors. The Unit Owners, by a vote of 67% of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any Director of the Board of Directors, other than a Director appointed by the Declarant, with or without cause.

Section 2.5 Vacancies. Vacancies in the Board of Directors, caused by any reason other than the removal of a Director by a vote of the Unit Owners, may be filled at a special meeting of the Board of Directors held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

(a) As to vacancies of Directors whom Unit Owners other than the Declarant elected,

by a majority of the remaining elected Directors constituting the Board of Directors; and

(b) As to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.6 Regular Meeting. The first regular meeting of the Board of Directors following each annual meeting of the Unit Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Unit Owners at the meeting at which the Board of Directors shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Board of Directors may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7 Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.8 Location of Meetings. All meetings of the Board of Directors shall be held within a radius of 5 miles of the Property, unless all Directors consent to another location.

Section 2.9 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Board of Directors shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10 Quorum of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Board of Directors. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11 Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Board of Directors.

Section 2.12 Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Board of Directors by using an electronic (real-time email communication) or telephonic communication method whereby the director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Board of Directors. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

Section 2.13 Conflicts of Interest. If any contract, decision or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child or sibling of a member of the Board or a parent or spouse of any of those persons, that member of the executive board shall declare a conflict in an open meeting, prior to any discussion or action on that issue. After making such declaration, the member may participate in the discussion but shall not vote on that issue. Any contract entered into in violation of this section is void and unenforceable.

ARTICLE 3 UNIT OWNERS

Section 3.1 Annual Meeting. Annual meetings of Unit Owners shall be held in March of every year in Durango, Colorado at such place and date set forth in the notice. At these meetings, the Directors shall be elected by ballot of the Unit Owners, in accordance with the provisions of Article 2 of the Bylaws. The Unit Owners may transact other business as may properly come before them at these meetings.

Section 3.2 Budget Meeting. Meetings of Unit Owners to consider proposed budgets shall be called in accordance with the Act. The budget may be considered at Annual or Special Meetings called for other purposes as well.

Section 3.3 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Board of Directors or by written request of Unit Owners comprising at least 20 percent of the votes in the Association. A request by the Owners shall state the purpose of such meeting and the matter proposed to be acted upon at the special meeting.

Section 3.4 Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Association or may be adjourned to a suitable place convenient to the Unit Owners, as may be designated by the Board of Directors or the president.

Section 3.5 Notice of Meetings.

(a) The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Unit Owners to be hand-delivered or sent prepaid by United States mail to the mailing

address of each Unit or to the mailing address designated in writing by the Unit Owner, not less than 10 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given pursuant to paragraph (b) of this section. The notice must state the time and place of any meeting at the items in the agenda, including the general nature of any proposed amendment to the Declarations or Bylaws, any budget changes, and any proposal to remove an officer or member of an Executive Committee.

(b) Notices may be posted on a web site or otherwise, in addition to printed form. If such electronic means are available, the Association shall provide notice of all regular and special meetings of Unit Owners by electronic mail to all Unit Owners who so request and who furnish the Association with their electronic e-mail address. Electronic notice of a special meeting shall be given as soon as possible but at least 24 hours before the meeting.

Section 3.6 Waiver of Notice. Any Unit Owner may, at any time, waive notice of any meeting of the Unit Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.7 Adjournment of Meeting. At any meeting of Unit Owners, a Majority of the Unit Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.8 Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Establish number and term of memberships of the Board of Directors (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Board of Directors (when required);
- (h) Ratification of budget (if required and noticed);

- (h) Unfinished business; and
- (j) New business.

Section 3.9 Voting.

- (a) The owner(s) of each Unit shall have one (1) vote per Unit owned.
- (b) If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast all the Votes allocated to the Unit. If more than one of the owners are present, the Votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the Votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.
- (c) Votes allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.
- (d) The Vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors of directors or Bylaws of the owning corporation or business trust. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified to vote.
- (e) Votes allocated to a Unit owned by the Association may not be cast.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, a quorum is deemed present throughout any meeting of the Unit Owners, if persons entitled to cast 50 % of the voters are present in person or by proxy.

Section 3.11 Majority Vote. The Vote of a majority of the Unit Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where a higher percentage Vote is required in the Declaration, these Bylaws or by law.

Section 3.12 Voting by Mail. Except as limited by Section 2.4 above, the Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by written ballot.

Any action that may be taken at any annual, regular, or special meeting of Owners may be taken without a meeting if the secretary delivers a written ballot to every member entitled to vote on the matter. "Delivery" to the Owner of the ballot, and the Owner's return of the completed ballot shall be made by the same methods available for providing notice to a member set forth in Section 3.5 above.

(a) A written ballot shall (i) set forth the proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

(b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter.

Section 3.13 Conduct At Meetings. All meetings of the Association and Board of Directors are open to every Unit Owner of the Association, or to any person designated by a Unit Owner in writing as the Unit Owner's representative, and all Unit Owners or Designated Representative so desiring shall be permitted to attend, listen and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board of Directors, Unit Owners who are not Board Members may not participate in any deliberation or discussion unless expressly so authorized by a vote of the Majority of a Quorum of the Board.

The Board may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Unit Owner a Unit Owner's representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak. The Board shall provide for a reasonable number of persons to speak on each side of an issue.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors. They shall hold office at the pleasure of the Board of Directors.

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Board of Directors. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Board of Directors shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Board of Directors or by the president.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Board of Directors. The secretary shall have charge of the Association's books and papers as the Board of Directors may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Board of Directors and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Board of Directors. Except for reserve funds described below, the treasurer may have custody

of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Board of Directors decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8 Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7 and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Board of Directors.

Section 4.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with §38-33.3-316 of the Act.

The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established by resolution of the Board of Directors. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

ARTICLE 5 ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and regulations adopted by the Board of Directors or the breach of any provision of the Documents shall give the Board of Directors the right, after prior written notice to the Owner of the violation and providing a 30 day period to cure said violation (except in case of an emergency), in addition to any other rights set forth in these Bylaws:

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

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

Section 5.2 Fine for Violation. By resolution, following notice and hearing, the Board of Directors may levy a fine up to twenty-five dollars (\$25.00) per day for each day that a violation

of the Documents or Rules persists after notice and hearing, but this amount shall not exceed that amount necessary to ensure compliance with the rule or order of the Board of Directors.

Section 5.3 Interest on Overdue Assessments. Interest on overdue assessments or other payments due hereunder shall accrue interest at the rate of 18% per annum as of the date when such payment/assessment was due. The Association Board may, by resolution, adopt a higher interest rate so long as in compliance with Colorado law.

ARTICLE 6 INDEMNIFICATION

The Directors and officers of the Association shall be entitled to indemnification, to the fullest extent provided in Colorado Nonprofit Corporation Act, the provisions of which are incorporated by reference and made a part of this document.

ARTICLE 7 RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records in accordance with generally accepted accounting principals. The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

Section 7.2 Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3 Records. The Association shall keep the following records:

(a) An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;

(b) An account for each Unit Owner showing any other fees payable by the Unit Owner;

(c) A record of any capital expenditures in excess of one thousand dollars (\$1,000.00) approved by the Board of Directors for the current and next two succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any reserves for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

- (e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (f) The current operating budget adopted pursuant to Section 315(1) of the Act and ratified pursuant to the procedures of Section 303(4) of the Act;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (i) A record of any alterations or improvements to Units or Limited Common Elements which violate any provisions of the Declarations of which the Board of Directors has knowledge;
- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Board of Directors has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (l) Balance sheets and other records required by local corporate law;
- (m) Tax returns for state and federal income taxation;
- (n) Minutes of proceedings of incorporators, Unit Owners, Directors, committees of Directors and waivers of notice; and
- (o) A copy of the most recent versions of the Declaration, Bylaws, Rules, and resolutions of the Board of Directors, along with their exhibits and schedules.

ARTICLE 8 MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Board of Directors shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Board of Directors may designate by written notice to all Unit Owners and to all holders of Security Interests in the Units who have notified the Association that they hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owners' address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is

specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Board of Directors shall establish the fiscal year of the Association, and if no fiscal year is established, the fiscal year shall be the calendar year.

Section 8.3 Bank Accounts. The depository of the Association shall be such a bank or banks as shall be designated from time to time by the Board of Directors and in which the monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by checks signed by such persons as are authorized by the Board of Directors.

Section 8.4 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.5 Office. The principal office of the Association shall be on the Property or at such other place as the Board of Directors may from time to time designate.

Section 8.6 Reserves. As a part of the adoption of the regular budget the Board of Directors shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Elements and those Limited Common Elements that it is obligated to maintain, based upon the project's age, remaining life and the quantity and replacement cost of major Common Element improvements.

Section 8.7 Standard of Care. In the performance of their duties, the officers and Directors are required to exercise (i) if appointed by the Declarant, the care of fiduciaries of the Owners and (ii) if elected by the Owners, ordinary and reasonable care.

Section 8.8 Common Expenses Payable by the Declarant. Until the sale of the first Unit, the Declarant shall be solely responsible for all Common Expenses.

ARTICLE 9 AMENDMENTS TO BYLAWS

Section 9.1 The Bylaws may be amended only by vote of two-thirds of the members of the Board of Directors, following notice and comment to all Unit Owners, at any meeting duly called for such purpose.

Section 9.2 No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit or which would change the provisions of the Bylaws with respect to institutional mortgagees of record.

ARTICLE 10 NOTICE AND HEARING PROCEDURES

Section 10.1 The following procedures for notice and hearing shall apply in the enforcement of the Declarations, Bylaws and these Rules and Regulations (the “Governing Documents”).

- i. Actions prior to initiation of formal special resolution process. Any Owner and the Board of Directors has the authority to request that an Owner or an Owner’s guests or tenants cease or correct any act or omission which appears to be a violation of the Governing Documents. (“Alleged Violation”). Such informal request may be made (and is encouraged) before the formal process (as described herein) is initiated.
- ii. Written statement. If the actions described in (i) above prove unsuccessful, the violation procedures process shall be initiated upon filing a written statement by any Owner or by any officer or member of the Board. Such written statement may be acted upon by the Executive Director of the Board. The written statement shall set forth in ordinary and concise language the acts or omissions which the author believes occurred and shall include as many specifics as are available as to time, date, location and persons involved, so that the complaint may be investigated and verified.
- iii. Letter to Owner. If it is determined that an Alleged Violation has occurred, the Executive Director shall send a letter regarding same to the Owner. The letter shall require the Alleged Violation cease within such period of time as the Board deems reasonable, based upon the nature of the Alleged Violation. The letter shall be mailed to the last known address of the Owner, via certified and regular mail.
- iv. Imposition of Fine. If the Alleged Violation has not ceased within the manner and period of time set forth in the letter to Owner, the Executive Director shall notify the Owner that the Board shall proceed to levy a fine pursuant to Section 5.2, charge attorney fees or take such other actions as authorized by the Governing Documents.
- v. Dispute by Owner. In the event an Owner disputes the Alleged Violation, the Owner may request a hearing from the Board within fifteen (15) days of the date of the letter to Owner. Such request for hearing shall be in writing and addressed to the Executive Director. The Executive Director shall send a second letter to the Owner then informing the Owner of the time and place at which the Board will hear the matter; that the Owner has an opportunity to attend (in person or by

telephone) and be heard at such meeting; and that the Board has the authority, upon determination that a Violation has occurred, to levy fines, charges, attorney's fees and other monies, and to take such other action as is authorized by the Association's Governing Documents and Colorado law. At the discretion of the Board, fines may be retroactive to the date of the original imposition of said fine.

- vi. Constraints on the Board. It shall be incumbent upon each member of the Board to make a determination as to whether he or she is able to function at the hearing in a disinterested fashion. If such member is incapable of objective consideration in the case, he or she shall disclose such to the committee and remove himself or herself from the proceedings and have it so recorded in the minutes.
- vii. Hearing. The hearing will not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence may be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Decisions of the Board may be made "under advisement," i.e. at a later date and time but not to exceed 7 days from the date of the hearing. All decisions of the Board are effective three days after written notice is sent to the Owner (via regular, first class mail).
- viii. Failure to Attend. If the accusing party fails to attend the hearing (in person or by telephone), the violation shall be deemed to have occurred and the Board shall be authorized to impose the fine, charges and/or attorney's fees.

10.2 Joint and Several Liability. If there are multiple Owners, each shall be jointly and severally liable for any fine or other monetary penalty imposed pursuant to the enforcement of the Governing Documents, including, but not limited to, all attorney's fees, expert witness fees and costs incurred by the Association resulting from or in any way related to the violation or the collection of fines.

10.3 Remedy. Each remedy set forth in this Section shall be in addition to all other remedies, whether available at law or in equity, and all such remedies, whether or not set forth in the Governing Documents, shall be cumulative and nonexclusive.

ARTICLE 11 PUBLIC DISCLOSURES

Section 11.1 Within 90 days after the end of each fiscal year, the Association shall make the following information available to Unit Owners upon reasonable notice in accordance with Section 11.2:

- (a) The date on which its fiscal year commences;
- (b) Its operating budget for the current fiscal year;
- C A list, by unit type, of the association's current assessments, including both regular and special assessments;
- D Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) The results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure;
- (f) A list of all Association insurance policies, including but not limited to, property general liability, association director and officer liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.
- (g) All Association bylaws, articles, and rules and regulations;
- (h) The minutes of the Executive Board and Member meetings for the fiscal year immediately preceding the current annual disclosure; and
- (i) The Association's responsible governance policies adopted under Section 38-33.3-209.5 (to the extent such policies have not already been incorporated in these bylaws).

Section 11.2. Disclosure of the above-referenced items shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a common expense liability.

ATTEST: Certified to be the Bylaws adopted by consent of the Directors of Tierra Vista Village Homeowners' Association, Inc., dated _____, 2005.

Samuel McCullough, Secretary