

**BYLAWS
OF
RIO VISTAS II HOA**

ARTICLE 1 – INTRODUCTION AND PURPOSES

Section 1.1 Introduction. These are the Bylaws of the Rio Vistas II HOA (“Association”), which is a subordinate association of the Top of the Hill at Lawson Hill Master Association, and which operates under the Colorado Revised Nonprofit Corporation Act, as amended, and applicable portions of the Colorado Common Interest Ownership Act, as amended (the “Act”). The Association was incorporated under the Act on August 17, 2007, and prior to that date operated as a Colorado unincorporated association.

Section 1.2 Purposes. The purposes for which the Association was formed are to preserve and enhance the value of the properties of members and to operate, govern, manage, supervise and care for that portion of the Community created by annexation pursuant to the “*Supplemental and Amended Declaration (Annexation of Rio Vistas, Phase II) Condominium Community of Rio Vistas,*” recorded in the office of the San Miguel County Clerk and Recorder on April 26, 2002 at Reception No. 347700 (hereinafter “Rio Vistas Building II”) and the Supplemental Community Map for Rio Vistas, Phase II, recorded at Plat Book 1, page 2836 and the Building Two Common Elements situated in the County of San Miguel, State of Colorado.

Section 1.3 Definitions. Terms which are defined in the Declaration of Rio Vistas, recorded in the office of the San Miguel County Clerk and Recorder on April 9, 1999, at Reception No. 325544, as amended and supplemented (“Declaration”), shall have the same meaning in these Bylaws, unless otherwise defined in these Bylaws.

Section 1.4 Persons Subject to Bylaws. All present or future Owners, tenants, future tenants, guests or any person that might use or occupy, in any matter, the facilities within that portion of the Community known as the Rio Vistas Building II are subject to the terms and provisions of these Bylaws, and the other governing documents (“Documents” or “Governing Documents”) of the Community. The mere acquisition, rental or use of a Unit will signify that the Documents of Community are acceptable, ratified and will be complied with.

ARTICLE 2 – MEMBERSHIP

Section 2.1 Membership. Every person or entity that is a Unit Owner within Rio Vistas Building II, as provided in the Declaration, shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership. Ownership shall be the sole qualification for membership. Each member shall be allocated votes pursuant to the Declaration, subject to these Bylaws. Classes of membership in the Association shall be those set forth in the Declaration.

Section 2.2 Suspension of Member Rights. During any period in which a member is in default in the payment of any Common Expense Assessment levied by the Association, the voting rights and right to use any recreational facilities of the Rio Vistas Building II by such member shall be deemed suspended by the Executive Board, without notice or hearing, until such assessment has been paid. Such rights of a member may also be suspended, after notice or hearing, during any period of violation of any other provision of the Declaration, Articles of Incorporation, Bylaws or Rules and Regulations established by the Executive Board.

ARTICLE 3 – MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. An annual meeting of the members shall be held during each of the Association's fiscal years, at such time of the year and date as determined by the Executive Board and set forth in the notice. At these meetings, the Directors shall be elected in accordance with the provisions of these Bylaws the Declaration and Articles of Incorporation. The members may transact other business as may properly come before them at these meetings. Failure to hold an annual meeting shall not work a forfeiture or dissolution of the Association.

Section 3.2 Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Executive Board or by petition signed by members comprising twenty percent (20%) of the votes in the Association.

Section 3.3 Budget Meetings. Meetings to consider proposed budgets shall be called in accordance with section 38-33.3-303 of the Act. The Act's budget process is as follows: Within ninety (90) days after adoption of any proposed budget for the Rio Vistas Building II, the Executive Board shall deliver a copy of the budget to all of the Unit Owners and shall set a date for a meeting of the unit owners to consider the budget. Such meeting shall occur within a reasonable time after delivery of the budget, or as allowed for in these Bylaws. The Executive Board shall give notice to the unit owners of the meeting as allowed for in Section 3.4 below. The budget proposed by the Executive Board does not require approval from the Unit Owners and it will be deemed approved by the Unit Owners in the absence of a veto at the noticed meeting by a majority of all Unit Owners whether or not a quorum is present. In the event that the proposed budget is vetoed, the periodic budget last proposed by the Executive Board and not vetoed by the Unit Owners must be continued until a subsequent budget proposed by the Executive Board is not vetoed by the Unit Owners.

Section 3.4 Notice of Meetings. Written notice of each meeting of members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting at least ten (10) days before, but not more than fifty (50) days before such meeting, to each member entitled to vote. Notice may be provided by telephone, facsimile, e-mail, or by first class mail, postage pre-paid. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting. No matters shall be heard nor action adopted at a special meeting except as stated or allowed in the notice.

Section 3.5 Owner Addresses for Notices. Unless an Owner shall have notified the Association in writing of a different address, any notice required to be given or otherwise given by the Association under these Bylaws to any Owner or any other written instrument to be given to any Owner, may be mailed to such Owner electronically to the email address provided by the Owner to the Association. If such means of electronic notice are not available, notice shall be provided in a postage prepaid envelope and mailed by first-class, registered or certified mail to the address of the Unit shown upon the Association's records as being owned by such Owner. If more than one (1) Owner owns a particular Unit, then any notice or other written instrument may be addressed to all of such Owners and may be mailed in one envelope in accordance with the foregoing. Any notice or other written instrument given by the Association in accordance with the foregoing will be deemed to have been given on the date that it is sent.

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 Place of Meeting. Meetings of the Unit Owners shall be held in the Rio Vistas Building II, or in the Telluride area, and may be adjourned to a suitable place convenient to the Owners, as may be designated by the Executive Board or the president.

Section 3.8 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, but no less than thirty-three percent (33%) of the members, shall constitute a quorum at that meeting.

Section 3.9 Adjournment of the Meeting. At any meeting of Owners, by Majority Vote (as provided herein), the meeting may be adjourned to another time and place or to a time and place to be designated by notice.

Section 3.10 Voting. Each vote shall be weighted in accordance with the Allocated Interest in Common Elements, Common Expenses and Voting Rights in Building Two set forth in Exhibit "D" of the Declaration. At all meetings of members, one vote may be cast for each Unit by its Unit Owner, in person or by proxy. If only one of several Owners of a Unit is present at a meeting of the Association, the Owner present is entitled to cast the vote allocated to the Unit. If more than one of the Owners is present, the vote allocated to the Unit may be cast only in accordance with the agreement of the majority of those Owners. Majority approval exists if any one of the Owners casts the vote allocated to the Unit without protest being made promptly to the person presiding over the meeting by another Owner of the Unit. 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 Executive Board 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 Unit Owner is qualified to vote. Votes allocated to Units owned by the Association may not be cast.

Section 3.11 Proxies. The vote allocated to a Unit may be cast under a proxy duly executed by a Unit Owner. All proxies shall be in writing and filed with Secretary or designee of the Association. If a Unit is owned by more than one person, each Unit Owner of the Unit may vote or register protest to the casting of the vote by the other Owners of the Unit through a duly executed proxy. 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 eleven months after its date, unless it specifies a shorter term or a specific purpose.

Section 3.12 Majority Vote. The vote of a majority of the votes, weighted in accordance with the Allocated Interests in Common Elements, Common Expenses and Voting Rights in Building Two set forth in Exhibit "D" of the Declaration, which are 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, the Articles of Incorporation or by law.

Section 3.13 Written Ballot. The Executive Board may decide that voting of the members on any matter required or permitted by the statues of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by written ballot. A written ballot shall be delivered to each member entitled to vote and shall: (a) state each proposed action; (b) provide an opportunity to vote for or against each proposed action; (c) indicate the number of responses needed to meet the quorum requirements; (d) state the percentage of approvals necessary to approve each matter other than election of directors; (e) state the time by which a ballot must be received by the Association in order to be counted; and (f) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required, 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.

Section 3.14 Secret Ballot. At the discretion of the Executive Board or upon the request of twenty percent (20%) of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the Rio Vistas Building II on which all Owners are entitled to vote shall be by secret ballot. Secret ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the Executive Board or another person presiding during that portion of the meeting. The volunteers shall not be Executive Board members and, in the case of a contested election for a board position, shall not be candidates. The results of a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of unit owners participating in such vote.

Section 3.15 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 Executive Board (if required and noticed);
- (f) Election of inspectors of election (when required);
- (g) Election of Directors of the Executive Board (when required);
- (h) Ratification of budget (if required and notice);
- (i) Unfinished business; and
- (j) New business.

ARTICLE 4 – EXECUTIVE BOARD

Section 4.1 Number, Qualification and Term of Office. The affairs of the Rio Vistas Building II and the Association shall be governed by an Executive Board which shall consist of three (3) persons who are members. To the extent possible, at least one member of the Board shall be a Commercial Unit Owner. If any Unit is owned by a partnership, corporation, limited liability company or other entity, 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 these Bylaws. At any meeting at which Directors are to be elected, the Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Colorado Revised Nonprofit Corporation Act for conducting the elections. The terms of at least one-third (1/3) of the Directors shall expire annually. The Executive Board shall elect the officers. The Directors and officers shall take office upon election.

Section 4.2 Election. The executive Board shall be elected by the members at the Annual Meeting. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Votes for contested positions on the Executive Board shall be taken by secret ballot, pursuant to the procedures set forth in Section 3.14 above.

Section 4.3 Removal of Directors. Directors or the entire Executive Board may be removed at any meeting of members, with or without cause, by a vote of sixty-seven percent (67%) of the members. The members by majority vote shall then elect such new members of the Executive Board to replace those members removed and designate the unexpired term to which each new Director is elected.

Section 4.4 Vacancies. Vacancies in the Executive Board, 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 Executive Board 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. Appointments shall be made by a majority of the

remaining elected Directors constituting the Executive Board. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 4.5 Compensation. No Director shall receive any compensation from the Association for acting as a Director unless approved by a majority of the votes in the Association at a regular or special meeting of the Association. Any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors. Nothing herein shall prohibit the Association from compensating a Director, or any entity with which a Director is affiliated, for services or supplies furnished to the Association in a capacity other than as a Director pursuant to a contract or agreement with the Association, provided that Section 12.5, Conflicts of Interest, set forth below, was complied with.

ARTICLE 5 – MEETING OF THE EXECUTIVE BOARD

Section 5.1 Regular Meetings. Regular meetings of the Executive Board shall be held at least twice per year at such place and hour as may be fixed by the Board, without notice. The Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings, except as may be required by law.

Section 5.2 Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two Directors, after not less than one (1) day notice to each Director. The notice shall be delivered in a manner whereby confirmation of receipt of the notice is received, and shall state the time, place and purpose of the meeting.

Section 5.3 Location of Meetings/Open Meetings. All meetings of the Executive Board shall be held within the Telluride area, unless all Directors consent in writing to another location. All meetings of the Executive Board shall be open to attendance by members, as provided by applicable law.

Section 5.4 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board 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 5.5 Quorum of Director. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, unless there are less than three (3) directors, in which case, all directors must be present to constitute a quorum. At a meeting at which a quorum is present, the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board unless there are less than three (3) directors, in which case, unanimity of the directors is required to constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting.

Section 5.6 Proxies. For the purposes of determining a quorum with respect to a particular proposal and for purposes of casting a vote for or against that particular proposal, a Director may execute, in writing a proxy, to be held by another Director. The proxy shall specify either a yes, no or abstain vote on each particular issue for which the proxy was executed. Proxies which do not specify a yes, no or abstain vote shall not be counted for the purpose of having a quorum present or as a vote on the particular proposal before the Board.

Section 5.7 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 Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

Section 5.8 Telephone Communication in Lieu of Attendance. A director may attend a meeting of the Executive Board by using an electronic 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 Executive Board. The Director's vote shall be counted and the presence noted as if the Director were present in person on that particular matter.

ARTICLE 6 – POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 6.1 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, the Articles of Incorporation, these Bylaws and the Act. The Executive Board 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 Rio Vistas Building II, including the following powers and duties:

- (a) Adopt and amend Rules and Regulations;
- (b) Adopt and amend one or more budgets for revenues, expenditures and reserve;
- (c) As a part of the adoption of a budget, the Executive Board may include an amount, which, in its reasonable business judgment, will establish and maintain a reserve fund for the replacement of those improvements that the Association is obligated to maintain, repair, replace and improve, based upon age, remaining life, quantity and cost;
- (d) Collect assessments for Common Expenses from Unit Owners;
- (e) Hire and discharge managing agents;
- (f) Hire and discharge employees, independent contractors and agents other than managing agents;
- (g) Institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of the Declaration, Bylaws or Rules in the

- Association's name, on behalf of the Association or two (2) or more Unit Owners on matters affecting the Rio Vistas Building II;
- (h) Make contracts and incur liabilities;
 - (i) Regulate the use maintenance, repair, replacement and modification of Common Elements of the Rio Vistas Building II;
 - (j) Cause additional improvements to be made as a part of the Common Elements of the Rio Vistas Building II;
 - (k) Acquire, hold, encumber and convey, in the Association's name, any right title or interest to real estate or personal property, but Common Elements of the Rio Vistas Building II may be conveyed or subjected to a security interest only pursuant to Section 312 of the Act;
 - (l) Grant easements for any period of time, including permanent easements and grant leases, licenses and concessions for no more than one (1) year, through or over the Rio Vistas Building II Common Elements;
 - (m) Impose and receive a payment, fee or charge for services provided to Unit Owners and for the use, rental or operation of the Rio Vistas Building II Common Elements other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
 - (n) Impose a reasonable charge for late payment of assessments and, after notice and hearing, levy reasonable fines for a violation of the Declaration, Bylaws, Rules and Regulations of the Association;
 - (o) Keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association;
 - (p) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;
 - (q) Provide for the indemnification of the Association's officers and Executive Board and maintain directors' and officers' liability insurance;
 - (r) Procure and maintain adequate liability and hazard insurance on property owned by the Association and as further set forth in the Declaration;
 - (s) Cause all Directors, Officers, employees or agents having fiscal responsibilities to be bonded or insured, as it may deem appropriate and in such amounts as it may deem appropriate;
 - (t) Declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board.
 - (u) Exercise for the Association all powers, duties, rights and obligations in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles Incorporation, the Declaration or the Act;
 - (v) Exercise any other powers conferred by the Declarations or Bylaws;
 - (w) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
 - (x) Exercise any other power necessary and proper for the governance and operation of the Association; and
 - (y) 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.

Section 6.2 Manager. The Executive Board may employ a manager for the Rio Vistas Building II, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. Licenses, concessions and contracts may be executed by the manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget. Regardless of any delegation to a manager or managing agent, the members of the Executive Board shall not be relieved of responsibilities under the Declaration, the Articles or Incorporation, these Bylaws or Colorado law.

ARTICLE 7 – OFFICERS

Section 7.1 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 Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two (2) offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 7.2 Election of Officers. The Officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the pleasure of the Executive Board.

Section 7.3 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 Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 7.4 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 Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the 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 7.5 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 Executive Board 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 Executive Board or by the president.

Section 7.6 Secretary. The secretary shall keep the minutes of all meetings of the Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments to the Declaration of the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 7.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all recipes 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 Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Any reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two (2) Directors, one (1) of whom may be the treasurer if the treasurer is also a Director.

Section 7.8 Agreements, Contracts, Deeds, Checks, Etc. Except as provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

Section 7.9 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association, if any, 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 Section 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 Executive Board. Any unpaid fees may be assessed as a Common Expense against the Unit for which the certificate or statement is furnished.

Section 7.10 Compensation. Compensation of officers shall be subject to the same limitations as imposed in these Bylaws on compensation Directors.

ARTICLE 8 – COMMITTEES

Section 8.1 Designated Committees. The Association may appoint committees as deemed appropriate in carrying out its purposes. Committees shall have authority to act only to the extent designated in the Governing Documents or delegated by the Executive Board.

ARTICLE 9 – ENFORCEMENT

Section 9.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the documents shall give the Executive Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

- (a) to enter to 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 Rio Vistas Building II Common Elements contrary to the intent and meaning of the provisions of the Governing Documents. The Executive Board 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 9.2 Fines for Violation. By resolution, following notice and hearing, the Executive Board may levy reasonable fines 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 insure compliance with the rule or order of the Executive Board.

ARTICLE 10 – BOOKS AND RECORDS

Section 10.1 Records. The Association or its manager or managing agent, if any 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, any other fees payable by the Unit Owner, 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) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;
- (d) The current operating budget;
- (e) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (f) A record of insurance coverage provided for the benefit of Unit Owners and the Association;
- (g) Any Association tax returns for state and federal income taxation;
- (h) Minutes of proceedings of meetings of the Unit Owners, Directors, committees and waivers of notice and records of all actions taken without a meeting by written ballot or written consent in lieu of a meeting; and
- (i) A copy of the most current versions of the Declaration, Articles of Incorporation, Bylaws, Rules and Resolutions of the Executive Board, along with their exhibits and schedules.

Section 10.2 Examination. The books, records and papers of the Association shall at all times, during normal business hours and after reasonable notice, be subject to inspection and copying by any member, at their expense, for any proper purpose.

ARTICLE 11 – INDEMNIFICATION

Section 11.1 Actions Other than by or in the Right of the Association. The Association shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director or officer of the Association, who is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorney fees and costs) judgments, fines, amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner which such individual reasonably believed to be in the best interests of the Association, and with respect to any criminal action or proceeding, had to reasonable cause to believe his conduct was unlawful. Determination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner he or she reasonably believed to be in the best interests of the Association and, and with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

Section 11.2 Actions by or in the Right of the Association. The Association shall indemnify any person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure judgment in its favor by reason of the fact that such person is or was a director or officer of the Association or is or was serving at the request of the Association in such capacity, against expenses (including expert witness fees, attorney fees and costs) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner which he or she reasonably believe to be in the best interests of the Association; but no indemnification shall be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable for negligence or misconduct in the performance of his or her duty in the Association unless, and to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses if such court deems proper.

Section 11.3 Successful on the Merits. To the extent that a director, manager, officer, project manager, employee, fiduciary or agent of the Association has been wholly successful on the merits in defense of any action, suit or proceeding referred to in Sections of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including expert witness fees, attorney fees and costs) actually and reasonably incurred him or her in connection therewith.

Section 11.4 Determination Required. Any indemnification under the first two Sections of this Article (unless ordered by a court) and as distinguished from under the third Section of this Article, shall be made by the Association only as authorized by the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such individual has met the applicable standard of conduct set forth in the first two Sections above. Such determination shall be made by the Executive Board by majority vote of a quorum consisting of those members of the Board who were not parties to such action, suit or proceeding or, if a majority of disinterested members of the Executive Board so directs, by independent legal counsel and a written opinion or by members entitled to vote thereon.

Section 11.5 Payment in Advance of Final Disposition. The Association shall pay for or reimburse the reasonable expenses incurred by a former or current director or officer who is a party to a proceeding in advance of final disposition of the proceeding if the director or officer furnishes to the Association a written affirmation of the director's good faith belief that he or she has met the standard of conduct described in the first two Sections of this Article, the director or officer furnishes to the association a written understanding, executed personally or on the director's or officer's behalf to repay the advance if it is ultimately determined that the director or officer did not meet the standard of conduct and a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article. The undertaking required in this paragraph shall be an unlimited

general obligation of the director or officer but need not be selected and may be accepted without reference to financial ability to make repayment.

Section 11.6 No Limitation of Rights. The indemnification provided by this Article shall not be deemed exclusive of nor a limitation upon any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of the members or disinterested members of the Executive Board, or otherwise, nor by any rights which are granted pursuant to C.R.S. 38-33.3-101, *et seq.* And the Colorado Nonprofit Corporation Act.

Section 11.7 Directors and Officers Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a member of the Executive Board or an officer of the Association against any liability asserted against him or her and incurred by such individual in any such capacity or arising out of his or her status as such, whether or not the Association would have the power to indemnify such individual against such liability under provisions of this Article.

ARTICLE 12 – MISCELLANEOUS

Section 12.1 Notices. All notices to the Association or the Executive Board 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 Executive Board may designate by written notice to all Unit Owners. Except as otherwise provided, all notices to a Unit Owner shall be sent to the Unit Owner's address or email address, as it appears in the records of the Association. All notices shall be deemed to have been given when mailed or delivered electronically, except notices of changes of address, which shall be deemed to have been given when received.

Section 12.2 Fiscal Year. The Executive Board shall establish the fiscal year of the Association.

Section 12.3 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 12.4 Office. The principal office of the Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

Section 12.5 Conflicts of Interest. No loans shall be made by the Association to its directors or officers. Conflicts of interests shall be governed by Section 7-128-501 of the Colorado Revised Nonprofit Corporation Act, as amended, which provides that a "conflicting interest transaction" means a contract, transaction, or other financial relationship between the Association and a director of the Association, or between the Association and a party related to a director, or between the Association and an entity

in which a director of the Association is a director or officer or has a financial interest. No conflicting interest transaction shall be void or voidable or be enjoined, set aside, or give rise to an award of damages or other sanctions in a proceeding by an Owner or by or in the right of the Association, solely because the conflicting interest transaction involves a director of the Association or a party related to a director or an entity in which a director of the Association is a director or officer or has a financial interest or solely because the director is present at or participates in the meeting of the Association's Executive Board or of the committee of the Executive Board that authorizes, approves, or ratifies the conflicting interest transaction or solely because the director's vote is counted for such purpose if: (a) The material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the Executive Board or the committee, and the Executive Board or committee in good faith authorizes, approves, or ratifies the conflicting interest transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors are less than a quorum; or (b) The material facts as to the director's relationship or interest and as to the conflicting interest transaction are disclosed or are known to the members entitled to vote thereon, and the conflicting interest transaction is specifically authorized, approved, or ratified in good faith by a vote of the members entitled to vote thereon; or (c) The conflicting interest transaction is fair as to the Association. Interested directors may be counted in determining the presence of a quorum at a meeting of the Executive Board or of a committee which authorizes, approves, or ratifies the conflicting interest transaction. For purposes of this Section, a "party related to a director" shall mean a spouse, a descendent, an ancestor, a sibling, the spouse or descendent of a sibling, an estate or trust in which the director or a party related to a director has a beneficial interest, or an entity in which a party related to a director is a director, officer, or has a financial interest.

ARTICLE 13 – AMENDMENTS TO BYLAWS

Section 13.1 Vote of Executive Board Members. The Bylaws may be amended only by a majority vote of the members of the Association, following notice of a meeting duly called for such purpose.

Section 13.2 Restrictions on Amendments. No amendment of these Bylaws shall be adopted which would affect or impair the validity or priority of any Security Interest covering any Unit or which would materially change the provisions of the Bylaws with respect to the first lien Security Interest or the interest of any institutional mortgagees of record.

ATTEST:

Certified to be the Bylaws adopted by a majority vote of the members the Association of the RIO VISTAS II HOA, conducted by mail ballot, effective as of August 17, 2007.

Secretary