

**AMENDED AND RESTATED BYLAWS
OF
THE ENCLAVE AT KEYSTONE, INC.**

RECITALS

The Enclave at Keystone, Inc. a Colorado nonprofit corporation, certifies that the Association desires to amend and restate its Bylaws currently in effect these Amended and Restated Articles Bylaws supersede and replace the existing Bylaws and all amendments.

**ARTICLE 1
NAME AND LOCATION**

The name of the corporation is The Enclave at Keystone, Inc. (the "Association"), a Colorado nonprofit corporation, with its principal office located at 114 Village Place, Suite 304, Dillon, CO 80435, with a mailing address of P.O. Box 3428, 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
MERGER, DEFINITIONS, PURPOSES AND ASSENT**

Section 2.1. Merger of Associations. On November 19, 1988, pursuant to the Articles of Merger filed with the Colorado Secretary of State, the Members of The Aspen Ridge Master Association, Inc. amended the Articles of Incorporation for Aspen Ridge Master Association, Inc. to merge the Hearthstone Mountainhomes at Aspen Ridge Condominium Association, Inc. and the Enclave at Keystone Mountain Condominium Association, Inc. into the Aspen Ridge Master Association, Inc., the survivor association. Aspen Ridge Master Association, Inc. subsequently changed its name to Enclave at Keystone, Inc.

Section 2.2 Definitions. "Declaration" means the Condominium Declaration for The Enclave at Keystone Mountain Condominiums recorded with the Clerk and Recorder of Summit County, Colorado, including the First Amendment, which now governs both the Hearthstone Property and the Enclave Property. Unless otherwise defined, all capitalized terms used in these Amended and Restated Bylaws shall have the meanings given to them in the Declaration.

Section 2.3. Purposes. The specific purposes for which the Association is formed are (i) to provide for the operation, administration, use and maintenance of the 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 Project.

Section 2.4. Assent. All Owners, their families, tenants, and their guests and invitees, and any other person occupying a Unit or using the facilities of the Project in any manner are subject to the Association Documents: the Declaration, the Map, the Declaration, the Articles of Incorporation, these Amended and Restated Bylaws and any procedures, rules or policies adopted by the Board of Directors. The acquisition or rental of any of the Units in the Project or the occupancy of any of the Units will constitute ratification and acceptance of these Amended and Restated Bylaws and an agreement to comply with all Association Documents.

ARTICLE III **MEMBERSHIP**

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

Section 3.2. Voting Privileges. All Owners will be entitled to vote on all matters, with one vote per Unit.

a. When more than one person holds an interest in any Unit, all such persons will be Members. The vote for such 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 Unit may be cast only in accordance with the agreement of a majority in interest of the Owners, and if a majority of the Owners cannot agree, then the Owners of such Unit will not be entitled to vote. There is a majority agreement if any one of the multiple Owners casts the vote allocated to his Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Unit.

b. Any Owner of a 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 prior to any meeting in which the tenant exercises the voting right.

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

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

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

ARTICLE IV **ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES**

Section 4.1. 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.

Section 4.2. Annual Meetings. Each subsequent annual meeting of the Members will be held on a date and at a time set by the Board of Directors. The purpose of the annual meeting is for the election of the Board of Directors and the transaction of such other business of the Association as may properly come before the meeting.

Section 4.3. Special Meetings. Special meetings of the Members may be called at any time by the President of the Association, or by the Board of Directors, or upon written request of Members who are entitled to vote at least one-fourth (1/4) of all votes in the Association.

Section 4.4. Notice of Meetings. Not less than ten nor more than fifty days in advance of any meeting of the Members, the secretary shall cause notice to be delivered to all Owners as provided in Section 10.6. The notice of any meeting shall be physically posted in a conspicuous place, in addition to any electronic posting of electronic mail notices that may be given. The notice shall 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 of Directors. The Association shall 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 shall be given as soon as possible but at least twenty-four hours before the meeting.

Section 4.5. Quorum The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the total membership votes shall constitute a quorum for any action, except as otherwise provided in the Association Documents. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 4.6. 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 4.7. 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. Votes for positions on the Board of Directors shall be taken by secret ballot and as determined by the Chair or upon the request of 20% or more Owners, any other vote on which all Owners are entitled to vote shall be by secret ballot.

a. Ballots shall be counted by a neutral third party or by a committee of Owners who are not candidates, and who are selected at random. The results of the vote shall 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 4.8. Voting by Written Ballot or Electronic Communication. The Board of Directors 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 Nonprofit Corporation 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. Approval by written ballot will 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.

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 of Directors; (iii) specify the time by which a ballot must be received by the Board of Directors 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 4.9. Proxies. Any Member may cast such Member's 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 4.10. Designation of Voting Representative by Non-Individual Owners-Requirement for Proxy. If title to a 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 Unit at the meeting.

Section 4.11. 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. Attendance at a meeting by a Member, whether in person or by proxy, will be deemed waiver by such Member of notice of the time, date and place of the meeting unless such 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 of which proper notice was not given, is raised before the business is put to a vote.

Section 4.12. Teleconference. Any regular or special meeting of the Members may be conducted to permit Owner's participation by teleconference or other electronic means.

Section 4.13. Order of Business. The Board of Directors may establish the order of business at all meetings of the Board or Members. The Meeting Chair may revise the agenda as necessary.

Section 4.14 Rules of Meetings. The Board of Directors has adopted policies and procedures for the conduct of all meetings of the Board of Directors and Members.

ARTICLE V **BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE**

Section 5.1. Number, Qualification and Term. The affairs of the Association will be managed by a Board of Directors consisting of five (5) Directors. The Directors will be Members of the Association or the delegates of Members appointed by proxy under Article IV above. The number of the Board of Directors will be established from time to time by amendment to these Amended and Restated 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 Directors. The terms of office will be staggered so that a system is established where one member of the Board is elected each year.

Section 5.2. Voting Procedures Generally. In the election of the Board of Directors, 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 5.3. Removal of Board of Directors.

a. By the Members. Any Director may be removed, with or without cause, at any regular or special meeting of the Members. A successor to any Director removed will be elected at such meeting to fill the vacancy created by removal of the Director. A Director 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 Association 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 a successor may be appointed by the Board. In the event of the death, disability, resignation or removal by the Board, as set forth in this subsection (b), of a Board Member, a vacancy may be declared by the Board, and the Board may appoint a successor. Any successor appointed by the Board shall serve for the remainder of the term of the Board Member replaced.

Section 5.4. 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 Directors, though less than a quorum of the Board. The term of the Director so elected will be coincident with the terms of the replaced Director.

Section 5.5. Compensation. No Director will receive compensation for service as a Director. However, any Director may be reimbursed for actual, reasonable expenses incurred on behalf of the Association. 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 such Director's interest is disclosed and approved as set forth in Section 6.10.

ARTICLE VI **MEETINGS OF DIRECTORS**

Section 6.1. Regular Meetings. Regular meetings of the Board of Directors will be held at such regular times as set by the Board of Directors, 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.

Section 6.2. Special Meetings. Special meetings of the Board of Directors will be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director. Notice may be given by telephone or delivered personally by email or U.S. mail.

Section 6.3. Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if at least three members on the Board are present at the beginning of the meeting.

Section 6.4. Agendas and Attendance. Agendas for meetings of the Board of Directors will be made reasonably available for examination by all Members of the Association or their representatives and delivered electronically as provided in Section 10.6. All regular and special meetings of the Association's Board of Directors, or any committee thereof, will be open to attendance by all Members of the Association or their representatives. All Members or designated representatives so desiring shall be permitted to attend, listen, and speak at an appropriate time during the deliberations and proceedings; except that, for regular and special meetings of the Board of Directors, Members who are not Board of Directors 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 of Directors. The Meeting Chair may place reasonable time restrictions on those persons speaking during the meeting but shall permit a Member or Member's designated representative to speak before the Board of Directors takes formal action on an item under discussion, in addition to any other opportunities to speak. The Meeting Chair may provide for a reasonable number of persons to speak on each side of an issue.

Section 6.5. Executive Sessions. The members of the Board of Directors or any committee thereof may hold an executive or closed door session and may restrict attendance to Board of Directors members and such other persons requested by the

Board of Directors during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session will include only matters enumerated in subparagraphs (a) to (e) of this section.

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.

No formulation of the Board of Directors or committee thereof will be taken 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. Upon the final resolution of any matter for which the Board of Directors received legal advice or that concerned pending or contemplated litigation, the Board of Directors may elect to preserve the attorney-client privilege in any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

Section 6.6. Actions Binding on Directors. Every action taken or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present will be regarded as the act of the Board.

Section 6.7. Waiver of Notice. Attendance of a Director at any meeting will constitute a waiver of notice of such meeting, except when a Director 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 of Directors, 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 6.8. Action Taken Without a Meeting. The Board will have the right to take any action which it could take at a meeting in the absence of a meeting if notice is

transmitted in writing to each member of the Board and each member of the Board by the time stated in the notice:

- a. Votes in writing for such action; or
- b. Votes in writing against such action, abstains in writing from voting, or fails to respond or vote and fails to demand in writing that action not be taken without a meeting
- c. The notice required by this section shall state:
 - i. The action to be taken;
 - ii. The time by which a Director must respond;
 - iii. That failure to respond by the time stated in the notice will have the same effect as abstaining in writing.

Section 6.9. Teleconference or Electronic 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. All Members of the Association may participate in such telephone or electronic meetings.

Section 6.10. Conflicting Interest Transactions. Conflicting interest transactions means a contract, transaction, or other financial relationship between the Association and a Board of Directors member of the Association, or between the Association and a party related (parent, grandchild, spouse, child or sibling) to a Board of Directors member, or between the Association and an entity in which a Board of Directors member is a director or officer or has a financial interest. The member shall declare the material facts of such 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. A conflicting interest transaction which is fair to the Association may be approved by a good faith vote of the disinterested directors. The provisions of the Colorado Common Interest Ownership Act and the Colorado Revised Nonprofit Act will apply to all situations where a conflicting interest transaction is present.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. General. The Board of Directors will have the powers and duties necessary for the administration of the affairs of the Association. Except as provided by the Association Documents or applicable laws, the Board of Directors 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 7.2. Specific Powers and Duties. Without limiting the generality of powers and duties set forth in Section 7.1 above, the Board of Directors will have the following powers and duties, in each case subject to applicable requirements of Association 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, amend from time to time and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the 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.

c. To keep in good order, condition and repair all the Common Elements and all 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 be paid by each of the Members towards the gross expenses of the 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 for violation of the Project Documents or because the Association has incurred an expense on behalf of a Member under the Project 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. To fix, determine, levy and collect the working capital funds to be paid by each of the Members towards the working capital account of the Association, and to adjust, decrease or increase 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 subject to limitations of the Colorado Common Interest Ownership Act, 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; provided, however, that the Board will not borrow more than \$100,000 or cause the Association to be indebted for more than \$100,000 at any one time without the prior approval of a majority of votes of Members present and voting in person or by proxy on the issue; and provided further, that the Board will not cause the encumbrance of the Common Elements without the prior approval of 67% of the votes of Members present and voting in person or by proxy on the issue.

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 the Colorado Common Interest Ownership Act, 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 of Directors.

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 Project and across the Property 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 Project 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 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 the 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 the Manager 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), (j), (k) or (s) of this Section 7.2 are duties reserved to the Board by law will not be so 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 the Colorado Common Interest Ownership Act.

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 Unit owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable sections of the Colorado Common Interest Ownership Act.

Section 7.3. Manager. The Board of Directors may employ for the Project 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 of Directors. The Board of Directors may delegate to the Manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Amended and Restated Bylaws, other than the powers set forth in subparagraphs (d), (f), (g), (l) (j), (k) or (s) of Section 7.2 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 or the Manager 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 Units in the Project, or (iii) such higher amount as the Board may require.

b. Maintain Association Accounts. The Manager will maintain all

funds and accounts of the Association separate from the funds and accounts of other associations managed by the Manager 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, and 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 7.4.

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 §305 of the Colorado Common Interest Ownership Act.

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

Section 7.4. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

a. The Board shall 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 the review is done by persons or companies not directly involved in the production or signature of the payments, or the reconciliation of bank accounts.

b. Cash accounts of the Association will not be commingled with any other accounts.

c. No remuneration will be accepted by the Board of Director Members or the 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 the Manager or a Member of the Board may have in any firm providing goods or services to the Association will be disclosed promptly to the Board.

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

1. an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

2. a statement reflecting all cash receipts and disbursements for the preceding period;

3. a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

4. a balance sheet as of the last day of the preceding period;
and

5. 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 shall 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 of Directors. Such person need not be a certified public accountant except in the case of an audit. Copies of an audit or review shall be made available upon request to any Member no later than 30 days after its completion.

g. Reserve Fund Policy. The Association has adopted policies and procedures regarding investment of Reserve Fund.

Section 7.5. Prohibitions contrary to public policy - patriotic and political expression - emergency vehicles - fire prevention - definitions. The Association shall not prohibit any of the following:

a. The display of the American flag by a Member on that Member's property, in a window of the Member's residence, or on a balcony adjoining the Member'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 shall not prohibit the installation of a flag or flagpole.

b. The display by a Member of a service flag bearing a star denoting the service of the Member or a member of the Member'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 Member's residence. The Association may adopt reasonable rules regarding the size and manner of display of service flags; except that the maximum dimensions allowed shall be not less than nine inches by sixteen inches.

c. The display of a political sign by a Member on that Member's property or in a window of the Member's residence; except that the Association may prohibit the display of political signs earlier than forty-five days before the day of an election and later than seven days after an election day. The Association may regulate the size and number of political signs that may be placed on a Member's property if the Association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the size and number of political signs on residential property. If the County of Summit does not regulate the size and number of political signs on residential property, the Association shall permit at least one political sign per political office or ballot issue that is contested in a pending election, with the maximum dimensions of thirty-six inches by forty-eight inches, on a Member'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.

ARTICLE VIII **OFFICERS AND THEIR DUTIES**

Section 8.1. Enumeration of Officers. The officers of the Association will be a President, a Vice-President, a Secretary and Treasurer, all of whom must be Directors, and such other officers as the Board may from time to time create by resolution.

Section 8.2. 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 8.3. Term. The officers of the Association will be elected annually by the Board, 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 8.4. 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 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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 8.6. 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 8.7. Multiple Offices. Any two or more offices may be held by the same person except the offices of President and Secretary.

Section 8.8. 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; and exercise and discharge such other duties as may be required of the President by the Board.

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 may be required by the Board.

c. Secretary. The Secretary will record the votes and keep the minutes of the meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and place it on all papers requiring the seal; serve notice of meetings of the Board and of the Members; keep appropriate current records listing the Members together with their addresses; and perform such other duties as required by the Board.

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.

e. Delegation. The duties of any Officer may be delegated to the

Managing Agent or another Board member, *provided, however*, the Officer shall not be relieved of any responsibility under this Section or under Colorado law.

ARTICLE IX INDEMNIFICATION

Section 9.1. Definitions. For purposes of this Article IX, 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 9.2. 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 9.3. 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 incurred by him in his capacity of or arising out of their status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of law.

Section 9.4. 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 IX, 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 X **ASSOCIATION RECORDS, INFORMATION AND REPORTS**

Section 10.1. Corporate Report Filing. The Board of Directors will at all times keep the Association in good standing by filing the periodic report annually with the Colorado Secretary of State. The Secretary or authorized officer of the Association will complete the periodic report received from the Colorado Secretary of State with the name of the registered agent and registered office and with both the physical and mailing address of the Association for notification by the Secretary of State and for service of process.

Section 10.2. Association Minutes and Record Keeping Requirements. The Association or its agents will keep as permanent records:

a. minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or the Board of Directors without a meeting, a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Association, and a record of all waivers of notices of meetings of members and of the Board of Directors and any actions taken by a committee of the Board of Directors;

b. accounting records as required in the Act and these Amended and Restated Bylaws;

c. a list of Owners and their addresses, showing the number of votes each Member is entitled to vote;

d. Association records will be maintained in written form or in another form capable of conversion into written form within a reasonable time; and

e. a copy of each of the following records at its principal office:

1. The Governing Documents: Articles of Incorporation, Amended and Restated Bylaws, Declaration of The Enclave at Keystone Mountain Condominium, Rules and Regulations and Board Resolutions;

2. Financial records of unpaid Assessments required by C.R.S. §38-33.3-316(8);

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

4. Minutes of all Members' meetings, and records of all action taken by Members without a meeting, for the past three (3) years;

5. All written communications within the past three (3) years to

Members generally as Members;

6. List of all names and business or home addresses of its current Board of Directors members and officers;

7. Copy of the most recent corporate report delivered to the Colorado Secretary of State under C.R.S. §7-136-107; and

8. All financial statements and audits prepared for periods ending during the last three (3) years that a Member could have requested under C.R.S. §7-136-106.

Section 10.3 Member Ownership, Registration of Address, and Representation on Board of Directors.

a. Every person becoming an Owner will furnish to the Association Manager or Secretary with the Owner's registered mailing address and e-mail address, a photocopy or a certified copy of the deed or other recorded instrument vesting in that person such ownership. Every Owner will timely notify the Association of the name and address of any First Mortgagee of his Unit. A Member will not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of Members unless these requirements are first met.

b. If a Unit is owned by two or more Owners, such Owners shall designate one address as the registered mailing and e-mail address. Such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized to represent the interests of all Owners of the Unit. If no address is registered or if all of the Owners cannot agree, then the address of the Unit shall be deemed the registered address of the Owner(s), and any notice shall be deemed duly given if delivered to the Unit

c. If title to a Unit is held by an individual, a firm, corporation, partnership, association, limited liability company, other legal entity or any combination thereof, or if any individual or entity holds title to one or more Units, then in either case, that individual or entity may appoint, by a writing furnished to the Association, a delegate to represent each such Unit as a candidate for, and if elected, as a member of, the Board of Directors. Such delegate will not vote as a Member unless such person is appointed by a proxy executed in conformance with Section 4.10 of these Amended and Restated Bylaws to cast the voting interest of the Unit which he represents.

Section 10.4. Inspection of Association Records by Members. A Member is entitled to inspect and copy any of the records of the Association in accordance with the Policy Regarding Inspection and Copying of Association Records.

Section 10.5. Statement of Assessments. Upon written request delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent by any Owner, or any First Mortgagee, purchaser, prospective purchaser or prospective mortgagee, of a Condominium Unit, and upon payment of a reasonable fee established by the Board of Directors, but in no event less

than twenty-five dollars (\$25.00), the Association through its Board of Directors or Manager, if any, will furnish to any Member, the Member's designee or First Mortgagee, purchaser, prospective purchaser or prospective mortgagee, of a Condominium Unit, a written statement setting forth the amount of unpaid assessments currently levied against such Member's Unit. The statement shall be furnished within fourteen (14) calendar days after receipt of the request and is binding on the Association, the Board of Directors, and every Member. If no statement is furnished to the Member 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 shall have no right to assert a lien upon the Unit for unpaid assessments which were due as of the date of the request. The Association shall 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.

Section 10.6. 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, these Amended and Restated Bylaws or other Association Documents shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid or delivered electronically:

a. If to a Member, at the mailing or e-mail address which the Member has designated in writing and filed with the Secretary, or, if no such address has been designated, at the address of the Unit of such Member;

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 as shall be designated by notice in writing to the Members pursuant to this section; or

c. If to any committee, at the principal address of the Association or at such other address as shall be designated by notice in writing to the Members pursuant to this section.

Notice of meetings of the Members and the Board of Directors and meeting agendas will to the extent practicable be posted on the Association's website and furnished by electronic mail to Unit Owners who have furnished the Association with their e-mail addresses.

Section 10.7. Member Disclosures Required. The Association shall provide to all Members, at least once per year, a written notice stating the name of the Association; the name of the Association's designated agent or management company, if any; and a valid physical address and telephone number for both the Association and the designated agent or management company, if any.

a. The notice shall also include the name of the Project, the initial date of recording of the Declaration, and the reception number or book and page for the main

document that constitutes the Declaration. If the Association's address, designated agent, or management company changes, the Association shall provide all Members with an amended notice within ninety days after the change.

b. Within ninety days after the end of each fiscal year thereafter, the Association shall make the following information available to Members upon reasonable notice in accordance with subsection (c) of this section:

1. The date on which its fiscal year commences;
2. Its operating budget for the current fiscal year;
3. A list, by Unit type, of the Association's current assessments, including both regular and special assessments;
4. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
5. The results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure;
6. A list of all association insurance policies, including, but not limited to, property, general liability, association director and officer professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
7. The Association's Amended and Restated Bylaws, Articles, and Rules and Regulations;
8. The minutes of the Board of Directors and Member meetings for the fiscal year immediately preceding the current annual disclosure; and
9. The Association's responsible governance policies adopted under §38-33.3-209.5

ARTICLE XI RESTRICTIONS ON OWNERSHIP AND LEASING OF UNITS

Section 11.1 Fractional Restriction Rationale. Condominium Owners hold fee simple titles to their Units but share in ownership of common elements as tenants in common. Because the 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 Unit if:

- other Owners do not pay their assessments;

- Owners transfer ownership or leasehold interests in any Unit so as to inhibit loan availability in the community; or
- if community occupants fail to abide by restrictions governing conduct and shared use of common elements.

The restrictions in this Article are intended to promote a cohesive community of Owners for their common welfare.

Section 11.2 Maximum number of Co-Owners or Tenants. No Unit may be owned by or leased to more than four Owners. Upon sale each Owner must own at least an undivided ¼ interest as tenants in common or as joint tenants. The number of members, partners, shareholders or beneficiaries of any entity which owns a 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 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 unit and will be considered one Owner.

Section 11.3 Joint and Several Liability. Each Co-Owner of a Unit will be jointly and severally liable for payment of all Association assessments to such Unit and for any other sums due by any other Co-Owner of such Unit under the Governing Documents.

Section 11.4 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 Unit. The agreement will be subject to the reasonable approval of the Association. To cover additional maintenance costs for common elements by Units with Co-Owners and attorneys fees incurred by the Association to review the agreement a fee of \$500 will be charged to review and approve the co-ownership and management agreement. Any Unit Co-Ownership regime which inhibits or increases the cost of mortgage financing in the community may be rejected by the Board of Directors.

Section 11.5 Time Share Estate Limitation. Except for Unit 4, Hearthstone Mountainhomes in which a time share estate was adopted by the Declarant, time share estates as defined in the Condominium Ownership Act are prohibited in any Unit under the terms of the Declaration.

ARTICLE XII **NONPROFIT CORPORATION**

This Association is not organized for profit. No Member of the Association, member of the Board of Directors, 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 member of the Board of Directors. Notwithstanding the foregoing, (a) reasonable compensation may be paid to any Member or Director 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 or Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, and (c) any Director may be reimbursed for actual and reasonable expenses incurred in the performance of his duties.

ARTICLE XIII **AMENDMENTS**

Section 13.1. Amendment by the Members. These Amended and Restated Bylaws may be amended by the affirmative vote of at least sixty-seven percent (67%) of the Members of the Association present or represented by proxy at any regular or special meeting, provided a quorum is present at such meeting. 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 of Directors 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 13.2. Amendment by the Board. The Board may amend these Amended and Restated Bylaws by a vote of not less than 67% of Directors at any regular or special meeting. A statement of any proposed amendment will accompany the notice of any regular or special Board meeting at which such proposed amendment will be voted upon.

Section 13.3. 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 XIV **MISCELLANEOUS**

Section 14.1. Fiscal Year. The fiscal year of the Association will begin on the first day of January and end on the 31st day of December each year, except that the first fiscal year will begin on the date of incorporation.

Section 14.2. 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 14.3. Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include 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 Directors of this Association as the Amended and Restated Bylaws of this Association on the _____ day of _____, 2010, and that they constitute the Amended and Restated Bylaws of this Association.

Secretary