

**AMENDED & RESTATED BYLAWS
OF
COBBLESTONE TOWNHOME OWNERS' ASSOCIATION ARTICLE 1
INTRODUCTION**

These are the Amended & Restated Bylaws of the Cobblestone Townhome Owners' Association, which shall operate under the Colorado Nonprofit Corporation Act, as amended, and the Colorado Common Interest Ownership Act, as amended ("Act"). The name of the corporation is Cobblestone Townhome Owners' Association, (hereinafter referred to as the "Association"). Definitional terms used herein shall correspond to the Act or the definitions used in the Declaration of Covenants, Conditions, and Restrictions for Cobblestone Townhomes recorded on 12/10/2014, 2014, at Reception No. 21407414 as same is amended from time to time (the "Declaration."). Among other things, the purpose for amending and restating the original Bylaws is to bring the Association into compliance with changes in Colorado law governing the operation of common interest pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes §§ 38-33.3-101 et. seq. (the "Act").

**ARTICLE 2
EXECUTIVE BOARD**

Section 2.1 Number and Qualification

The affairs of the Cobblestone Townhomes and the Association shall be governed by a Board of Directors (referred to in the Act as "Executive Board"). The Board of Directors shall consist of three (3) Directors, who shall be elected by the Owners in accordance with the allocation of votes as set forth in the Declaration. The Declarant shall govern appointment of Directors of the Board of Directors during the period of Declarant control.

- (a) Qualifications. Each person elected to be a Director must be an Owner of a Unit.
- (b) Election of Directors. In any election of Directors to the Board of Directors, each Owner, in accordance with the Allocated Interests, shall be entitled to one vote for each position on the Board of Directors to be elected.
- (c) No Cumulative Voting. Cumulative voting shall not be allowed in the election of Directors, or for any other purpose.
- (d) Appointment of Officers. The Board of Directors shall appoint the officers. The Directors and officers shall take office at the conclusion of the meeting in which appointed.

- (e) Majority Vote. At any time after Unit Owners, other than the Declarant, are entitled to elect a Director, the Association shall call a meeting and give not less than 10 nor more than 50 days' notice to the Unit Owners for this purpose. This meeting may be called and the notice given by any Unit Owner if the Association fails to do so. Election of Directors shall be by simple majority vote of the Unit Owners at the annual meeting.
- (f) Compensation. Directors shall serve without compensation unless the Executive Board, by resolution, determines that the Association shall pay a fee for such service. Directors shall be entitled to reimbursement of reasonable costs and expenses incurred in connection with their duties as a director so long as approved by the majority of the Executive Board.
- (g) Directors, who are also Unit Owners, may not serve on the Executive Board if not current on all assessments.

Section 2.2. Declarant Control Period

- (a) Appointment of Directors. Notwithstanding anything else to the contrary contained in the Declaration or in any other Association Document, Declarant shall have the exclusive right to appoint and remove all Directors and Officers during the Declarant Control Period. Persons appointed by Declarant to be Directors and Officers need not be Owners of Units or employees of Declarant. The term “**Declarant Control Period**” means the following period or such longer period as hereafter may be allowed by the Act: the period commencing on the date on which Declarant forms the Townhome Association and ending on the earliest to occur of:
 - i the date that is 60 days after conveyance to Purchasers of 75% of the maximum number of Units that may be created by Declarant under this Townhome Declaration;
 - ii the date that is two years after the last conveyance of a Unit by Declarant or a Successor Declarant in the ordinary course of business; or
 - iii the date that is two years after any right to add new Units was last exercised.
- (b) Surrender of Appointment Rights. Declarant may voluntarily surrender its right to appoint and remove Officers and Directors prior to the expiration of the Declarant Control Period but, in that event, Declarant may require, for the remainder of the Declarant Control Period, that specific actions of the Townhome Association or the Board of Directors, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective.

(c) Removal of Appointed Directors. Notwithstanding anything to the contrary contained in 2.2(a) above, not later than 60 days after the conveyance of 25% of the Units that may be created under this Townhome Declaration of Purchasers, or such longer period as hereafter may be allowed by the Act, at least 25% of the Board of Directors must be elected by Owners other than Declarant, and not later than 60 days after the conveyance of 50% of the Units that may be created under this Townhome Declaration to Purchasers, or such longer period as hereafter may be allowed by the Act, at least 33 1/3% of the Board of Directors must be elected by Owners other than Declarant. Declarant shall remove Directors appointed by Declarant as may be necessary to comply with the provisions of the Act and this Section 2.2.

(d) Election by Owners. Upon termination of the Declarant Control Period, the Owners shall elect a Board of Directors, at least a Majority of who must be Owners other than Declarant or designated representatives of Owners other than Declarant. Such Directors shall take office upon election. Each Director shall hold office for a term of one year. The Board of Directors may stagger such terms by adoption of a Resolution effecting same.

Section 2.3 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Executive Board shall have all powers and duties set forth in the Act, subject to the limitations contained in the Declaration, necessary for the administration of the affairs of the Association and of the Common Interest Community, including the following powers and duties:

- a) Adopt and amend the Association Documents, namely, these Bylaws, any Rules and Regulations (the “Rules and Regulations”), any policies and procedures (the “Policies and Procedures”) and the Declaration according to its terms and conditions;
- b) Adopt and amend budgets for revenues, expenditures and reserves;
- c) Collect and levy annual assessments for Common Expenses from Owners and also collect and levy special and default assessments;
- d) Hire and discharge managing agents;
- e) Hire and discharge employees, independent contractors and agents other than managing agents;
- f) Institute, defend or intervene in litigation or administrative proceedings, file liens, or seek injunctive relief for violations of the Association's Declaration, Bylaws, Rules and Regulations, or Policies and Procedures in the Association's name, on behalf of the Association or two or more Owners on matters affecting Cobblestone Townhomes;

- g) Make contracts and incur liabilities; borrow funds for any purpose in connection with their duties and to execute all such instruments evidencing such indebtedness, including mortgages and security agreements; and assign the right to future income, including the right to receive common expense assessments;
- h) Regulate the use, maintenance, repair, replacement and modification of Common Elements;
- i) Cause additional improvements to be made as a part of the Common Elements;
- j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real estate or personal property, but Common Elements may be conveyed or subjected to a security interest only pursuant to §38-33.3-312 of the Act;
- k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements, such easements or licenses to include easements as may be necessary for underground utilities for electric, gas, cable and telephone and any easements necessary for sewer, storm, water and water systems;
- l) Impose and receive a payment, fee or charge for services provided to Owners for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Subsections 202(1)(b) and (d) of the Act;
- m) Impose a reasonable charge for late payment of assessments, recover reasonable attorney's fees and other legal costs for collection of assessments and other action to enforce the power of the Association (regardless of whether or not suit was initiated) and, after notice and hearing, levy a reasonable fine for a violation of the Declaration, Bylaws, and Rules and Regulations of the Association;
- n) Impose a reasonable charge for the preparation and recording of amendments to the Declaration or statements of unpaid assessments;
- o) Provide for the indemnification of the Association's officers and the Executive Board, committee members, and maintain Directors' and officers' liability insurance;
- p) Exercise any other powers conferred by the Declaration or Bylaws;
- q) Exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;
- r) Exercise any other power necessary and proper for the governance and operation of the Association;

- s) By resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Owners and the Executive Board;
- t) Suspend the voting interests allocated to a Unit, and the right of an Owner to cast such votes, or by proxy the votes of another, during any period in which such Owner is in default in the payment of any assessment or, after notice and a hearing, during any time in which an Owner is in violation of any other provision of the Association Documents; and
- u) At its discretion and by resolution of the Executive Board, declare the office of a member of the Executive Board to be vacant in the event such member shall fail to attend three (3) regular meetings of the Executive Board during any one year period.

Section 2.4 Delegation of Powers. By resolution, the Board may delegate portions of its authority to an executive committee or other committees, or to officers, agents, employees or managers of the Townhome Association. No such delegation shall relieve the Board of ultimate responsibility for management of the Townhome Association's affairs. All managers, officers, agents and independent contractors shall be subject to the terms of the Act and this Townhome Declaration and the Townhome Association Documents that are applicable to them. The Townhome Association shall have the power to terminate any management agreement without penalty whatsoever, upon written notice of termination to the manager, which notice need not be more than 90 days in advance of the effective date of termination; whether or not such management agreement was entered into before expiration of the Declarant Control Period.

- (a) Policies and Procedures. The Board shall adopt all policies specifically required to be adopted by the Act. The Board may, from time to time, modify, amend or revoke any such policies to the extent such action is not expressly prohibited by the Act. All policies and procedures adopted by the Board from time to time (collectively, "**Policies**") shall be Disclosed to all Unit Owners.
- (b) Manager. The Executive Board may employ a Manager for general management of Cobblestone Townhomes, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the Manager only the powers granted to the Executive Board by these Bylaws under Section 2.2, Subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget. **The Executive Board shall not delegate to any managing agent any powers relating to the collection, deposit, transfer or disbursement of funds of the Association unless the managing agent maintains fidelity insurance coverage in an amount not less than \$25,000.00 or such higher amount as determined by the Executive Board; provides an annual accounting for the Association funds; and**

maintains the Association's funds separate from funds of any other Association that may be managed by said managing agent.

Section 2.5 Removal of Directors. Notwithstanding any provision of this Townhome Declaration or any other Townhome Association Document to the contrary, the Owners of Units, by a 67% vote of all Units represented and entitled to vote at any meeting at which a quorum of Owners of Units is present, may remove any Director, with or without cause, other than a Director appointed by Declarant during the Declarant Control Period. Only Declarant may remove a Director appointed by Declarant during the Declarant Control Period, or fill a vacancy created by the removal of a Director appointed by Declarant during the Declarant Control Period.

Section 2.6 Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the 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. Vacancies of Directors resulting from the removal of a Director by Owners pursuant to Section 2.4 shall be filled at a special meeting of the Owners. Each person so elected or appointed shall be a Director for the remainder of the term of the Director so replaced.

Section 2.7 Regular Meeting. A regular meeting of the Executive Board shall be held in September of each year at such time and place as shall be determined by the Executive Board. Additional regular meetings of the Executive Board may be held at such time and place as shall be determined by the Executive Board. The time and place and agenda for regular meetings of the Executive Board shall be made reasonably available for examination by all members of the Association or their representatives by posting in a conspicuous place. All regular meetings of the Executive Board shall be open to attendance by all members of the Association or their representatives except for executive sessions for legally permissible purposes.

Section 2.8 Special Meetings. Special meetings of the Executive Board may be called by the President or by at least two of the Directors on at least three business days' notice to each Director. In addition to being posted, the notice shall be hand-delivered, or mailed, (or emailed if specifically requested by the Executive Board member) and shall state the time, place and purpose of the meeting. All special meetings of the Executive Board shall be open to attendance by all members of the Association or their representatives. The time and place and agenda for special meetings of the Executive Board shall be made reasonably available for examination by all members of the Association or their representatives by posting in a conspicuous place.

Section 2.9 Location of Meetings. All meetings of the Executive Board shall be held within Archuleta County (which shall include participation by telephonic or electronic means as provided in Section 2.14) at a location determined by the President, unless a majority of the Directors consent to another location.

Section 2.10 Waiver of Notice. Any Director may waive notice of any meeting in writing before or after such meeting. 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 waiver of notice shall be required, and any business may be transacted at such meeting.

Section 2.11 Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute a decision of the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.12 Board Proxies. A member of the Executive Board may provide another member of the Board with a proxy to vote or otherwise act for that member. The proxy shall be in a written form of appointment and shall be signed by the member making the appointment. The proxy may be transmitted to the Board of Directors electronically or by facsimile. A proxy is valid for 11 months unless a different period is expressly provided in the appointment form. An appointment of proxy is revocable by the member revoking the proxy if made in writing or by the member's attendance at the meeting and voting in person.

Section 2.13 Action Taken Without a Meeting. The Executive Board will have the right to take any action which they could take at a meeting in the absence of a meeting by doing the following:

- a) A written notice is sent to all Board members of the action proposed to be taken.
- b) The notice states the time by which a Board member must respond.
- c) Each Board member votes, in writing "for" or "against" or "abstains" Or fails to respond to the action.
- d) No Board member demands a meeting for the proposed action.

Upon completion of the above procedure and provided that no member has demanded a meeting for the proposed action, the action will have the same effect as though taken at a meeting of the Board of Directors.

Section 2.14 Telephone or Electronic Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic (real-time internet communication) or telephonic communication method whereby the Director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

Section 2.15 Executive Board Member Education. The Executive Board may authorize and account for as a common expense of the Association, reimbursement of Executive Board members for their actual and necessary expenses incurred in attending educational meetings and seminars on responsible governance of owners' associations. The course content of such educational meetings and seminars shall be specific to Colorado and shall make reference to the Act.

ARTICLE 3 OWNERS

Section 3.1 Annual Meeting. Annual meetings of Owners shall be held in February or March at such time and place as shall be determined by the Executive Board. An Owner may attend the annual meeting by using an electronic (real-time internet communication) or telephonic communication method whereby the Owner may be heard by the other Owners and may hear the deliberations of the other Owners. At these meetings, the Directors shall be elected by ballot of the Owners, in accordance with the provisions of Article 2 of the Bylaws. The Owners may transact other business as may properly come before them at these meetings.

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 written request of Owners comprising at least fifty percent (50%) of the votes in the Association. A request by the Owners shall state the purpose of such meeting and the matter proposed to be acted upon at the special meeting.

Section 3.3 Place of Meetings. Meetings of the Owners (including special and annual meetings) shall be held at a suitable place convenient to the Owners, as may be designated by the Executive Board or the president.

Section 3.4 Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Owners to be posted on the Association mailboxes and handdelivered or sent prepaid by United States mail to the mailing address of each Unit or to the mailing address designated in writing by the Owner, not less than 10 nor more than 50 days in advance of a meeting. **To all Owners who so request in writing and who furnish the Executive Board with their electronic mail addresses, the Association shall provide notice of all meetings of Owners by electronic mail within 24 hours prior to the meeting for which notice is being provided. In the event an Owner has requested that the Executive Board communicate with such Owner via email, the Executive Board shall not be obligated to send such Owner any meeting notices or other correspondence via regular mail. In an effort to save the Association mailing expenses, the Association's preference is to correspond with Owners via email.**

No action shall be adopted at a meeting except as stated in the agenda. The notice of any meeting (including meetings of the Executive Board) shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting on an Association website or electronic mail notices. The notice must state the time and place of any meeting, the items in the agenda, including the general nature of any proposed amendment to the Declarations or Bylaws, any budget changes, and any proposal to remove a member of the Board of Directors.

Section 3.5 Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Owners in writing (which shall include written notification by way of email). Any reply or response from an Owner to a notice of meeting or written communication regarding an upcoming meeting shall be deemed equivalent to the Executive Board's receipt of a waiver of notice as to said meeting from such Owner. Attendance at a meeting by an Owner shall constitute a waiver of notice for such meeting.

Section 3.6 Adjournment of Meeting. At any meeting of Owners, a Majority of the Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7 Order of Business. The order of business at all meetings of the 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 noticed);
- (i) Unfinished business; and,

- (j) New business.

Section 3.8 Participation In Meetings. Every Owner or such Owners representative designated in writing, shall have the right, but not the obligation to attend any meeting of the Townhome Association or of the Board of Directors, except that the Board of Directors may designate certain discussions or information to be confidential and may exclude Owners therefrom if and to the extent permitted by the Act. All Owners shall have the right, but not the obligation to speak, at all Owners meetings. At Board of Directors meetings, Owners may speak during the Board's periods of discussion and deliberation only if authorized by a majority vote of a quorum of the Board. However, all Owners have the right to address the Board without authorization at any Board meeting prior to the Board taking action on any particular item. Notwithstanding the foregoing, the Board may place reasonable restrictions on the number of speakers and the time allotted to speakers on any particular issue if the Board deems it would be appropriate for the effective functioning of the meeting.

Section 3.9 Voting

(a) Membership With Unit. Every Person who is an Owner of any Unit that is subject to the Declaration shall be a Member of the Association and shall be subject to all of the same rights and duties assigned to an Owner under the Association Documents. There shall be one Membership in the Association for each Unit within Cobblestone. The Person or Persons who constitute the Owner shall automatically be the holder of the Membership appurtenant to the Owner's Unit, and the Membership shall automatically pass with fee simple title to the Unit. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for Membership. Where more than one person holds an interest in any Unit, all those Persons shall be Members, but there shall be only one voting Membership per Unit, and such Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, member, manager, partner or trustee, or any individual designated from time to time by the Owner in a written instrument delivered to the secretary of the Townhome Association. A Membership may be transferred or encumbered only in connection with the conveyance or encumbrance of a fee simple interest in the Unit.

(b) Proxy. Notwithstanding anything to the contrary in Section 3.9(a) above, an Owner may assign its voting rights to any Person by duly executed proxies timely delivered to the Association.

(c) No Fractionalized Voting. Votes allocated to any Unit must be cast as a block and without dividing or fractionalizing such vote or votes. Each Unit Owner shall be entitled to the number of votes allocated to it in accordance with the Declaration, regardless of the number of Owners of the Unit to which the membership in the Association is appurtenant. Fractional

Voting shall not be allowed. If the Owners of a Unit cannot agree among themselves as to how to cast their votes on a particular matter, then that Unit's vote shall not be counted for purposes of that matter. If any Owner casts a vote representing a Membership appurtenant to a particular Unit, it will thereafter be presumed for all purposes that the Owner was acting with the authority and consent of all other Owners with whom such owner shares the Membership, unless objection thereto is made by an Owner of that Unit to the Person presiding over the meeting at the time the vote is cast. If more than the number of allocated votes is cast for any particular Membership, none of such votes shall be counted, and all of such votes shall be deemed null and void.

(d) No Cumulative Voting. Cumulative voting shall not be permitted in the election of the Board or for any other purpose.

(e) Secret Ballots. In the election for one or more members of the Board, secret written ballots shall be used. In any voting matter other than the election of members of the Board of Directors, secret written ballots shall be used if requested by twenty percent (20%) of the Unit Owners present at the meeting or represented by proxy. In any election in which secret written ballots are used, those ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Unit Owners who are selected or appointed at an open meeting, in a fair manner, by the chair or the Executive Board or other person presiding during that portion of the meeting. The volunteers shall not be Board Members and, in the case of a contested election for a Board position, shall not be candidates.

(f) Voting Allocation. One vote shall be allocated to each Unit that has been or may be constructed. Only Units for which a certificate of occupancy has been issued shall be allocated votes.

(g) Voting Rights. Voting rights will be suspended when a Unit Owner is over 30 days past due on dues/assessments.

Section 3.10 Proxies. Written proxies may be used in any matter on which a vote is taken.

Section 3.11 Rejection of Votes. The Association has the right to reject a vote or proxy, consent, written ballot, waiver, appointment or proxy appointment revocation if the Association has a good faith basis to doubt the validity of a signature or the signatory's authority to sign for the Owner. For purposes of this Section 3.11, "**good faith**" means done with honesty, fairness and without malice, intent to defraud or to take unfair advantage.

Section 3.12 Quorum. Except as otherwise provided in these Bylaws, a quorum is deemed present throughout any meeting of the Owners, if persons entitled to cast 50% of the votes are present in person or by proxy.

Section 3.13 Majority Vote. The Vote of a majority of the votes allocated to Owners present in person or by proxy at a meeting at which a quorum is present shall be binding upon all Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by the Act.

Section 3.14 Voting by Mail. The Executive Board may decide that voting of the Owners on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by written ballot. Any action that may be taken at any annual or special meeting of Owners may be taken without a meeting if the secretary delivers a written ballot to every member entitled to vote on the matter. “Delivery” to the Owner of the ballot and the Owner’s return of the completed ballot shall be made by the same methods available for providing notice to an Owner. Ballots may be returned via electronic mail or by facsimile, all of which shall be treated as an original ballot.

- (a) A written ballot shall (i) set forth the proposed action; and (ii) provide an opportunity to vote for or against each proposed action.
- (b) Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter.
- (c) All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter. Written ballots shall be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the 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 offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

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

Section 4.3 Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, whenever the Board in its discretion determines that the best interests of the Association would be served thereby. 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 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the 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 Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the 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 4.6 Secretary. The secretary shall keep the minutes of all meetings of the 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 and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the 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. The Treasurer, from time to time, may delegate the authority to deposit checks into the Association operating account. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled

by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the 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 Directors, one of whom may be the treasurer if the treasurer is also a Director.

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

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

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

ARTICLE 5 INDEMNIFICATION

To the extent the indemnification is covered by insurance procured by the Association, each Director and officer of this Association shall be indemnified by the Association against all costs and expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit, or proceedings to be liable for negligence or misconduct in the performance of duty; except as to matters as to which that person shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. Such costs and expenses shall include amounts reasonably paid in settlement for the purpose of curtailing litigation, but only if the Association is advised in writing by its counsel that, in his opinion, the person indemnified did not commit such negligence or misconduct. The foregoing right of indemnification shall not be exclusive of other rights to which a corporate officer or Director may be entitled as a matter of law or by agreement.

All liability, loss, damage cost and expense incurred or suffered by the Association by reason of, or arising out of, or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a Common Expense of the Association.

ARTICLE 6 RECORDS

Section 6.1 Records and Audits. The Association shall maintain financial records in accordance with generally accepted accounting principles or the cash or tax basis of accounting. Audits shall be required by majority vote of the Executive Board or upon request of the Owners pursuant to C.R.S. 38-33.3-303(4) (b) (II). The cost of any audit shall be a Common Expense unless otherwise provided in the Documents.

ARTICLE 7 AMENDMENTS TO BYLAWS

Section 7.1 Procedure. These Bylaws of the Association may be amended by a majority vote of the members of the Executive Board, following notice and comment to all Owners pursuant to Section 3.5, at any meeting duly called for such purpose.

Section 7.2 Mortgagees. No amendment of the Bylaws of this Association shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit or which would change the provisions of the Bylaws with respect to institutional Mortgagees of record.

ARTICLE 8 PUBLIC DISCLOSURES

Section 8.1 Within 90 days after the end of each fiscal year, the Association shall make the following information available to Owners upon reasonable notice in accordance with Section 8.2:

- (a) The date on which its fiscal year commences;
- (b) Its operating budget for the current fiscal year;
- (c) A list, by Unit type, of the Association's current assessments, including both Regular and Special assessments;
- (d) Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (e) The results of the most recent financial audit or review;

- (f) A list of all Association insurance policies, including but not limited to, property general liability, Association Director and officer liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed;
- (g) All Association Bylaws, Articles, and Rules and Regulations;
- (h) The minutes of the Executive Board and Member meetings for the fiscal year immediately preceding the current annual disclosure;
- (i) The Association's responsible governance policies adopted under Section 38-33.3-209.5; and,
- (j) The name of the Association; the name of the Association's manager or designated agent, a valid physical address and telephone number for the Association and designated agent or management company, if any; the name of the common interest community; the initial date of recording of the declaration and its reception number.

Section 8.2 Disclosure of the above-referenced items shall be accomplished by one of the following means: posting on an internet web page with accompanying notice of the web address via first class mail or e-mail; the maintenance of a literature table or binder at the Association's principal place of business; or mail or personal delivery. The cost of such distribution shall be accounted for as a common expense liability.

ARTICLE 9 ALTERNATIVE DISPUTE RESOLUTION

Section 9.1 ADR Policy. In accordance with responsible governance, the Executive Board, pursuant to C.R.S. §38-33.3-124 and C.R.S. §38-33.3-209.5, has adopted an Alternative Dispute Resolution protocol that makes use of mediation as precondition to the filing of a complaint between an Owner and the Association. This protocol and procedure is found within the policy and procedure for handling conflict among owners.

ARTICLE 10 MISCELLANEOUS

Section 10.1 Notices. All notices to the Association or the Executive Board shall be delivered to the office of the President, or to the office of the Association if different from the President, or to

such other address as the Executive Board may designate by written notice to all Owners and to all holders of First Mortgages in the Units who have notified the Association that they hold a First Mortgage in a Unit. Except as otherwise provided, all notices to any Owner shall be sent to the Owner's address as it appears in the records of the Association. All notices to holders of First Mortgages in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Association Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices from the Association to Owners shall be deemed to have been given when mailed or emailed. Notices from Owners to the Association, such as changes of address, shall be deemed to have been given when received by the Association. Owners are encouraged to send any notice or change of address to the Association via mail and email care of both the Association's president and secretary and managing agent.

Section 10.2 Fiscal Year. Unless otherwise established by resolution of the Executive Board, the fiscal year of the Association commences on January 1 and ends on December 31 of each year.

Section 10.3 Bank Accounts. The depository of the Association shall be such a bank or banks as shall be designated from time to time by the Executive Board and in which the monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by checks signed by such persons as are authorized by the Executive Board.

Section 10.4 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 10.5 Office. The principal office of the Association shall be at such place as the Executive Board may from time to time designate.

Section 10.6 Standard of Care. In the performance of their duties, the officers and Directors are required to exercise ordinary and reasonable care.

Section 10.7 Conflicts of Documents. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; in the case of any conflict between the Articles of Incorporation and the Declaration, the Declaration shall control.

CERTIFICATION: Certified to be the Bylaws adopted by consent of the Executive Board of the Cobblestone Townhome Owners' Association, Inc., October 30, 2014.



Jack B. Searle, President

ATTEST:



Nancy J. Rea, Secretary