

AMENDED BYLAWS
OF
CROSSROADS TOWNHOMES OWNERS' ASSOCIATION

(Adopted January ____, 1999)
(Amended February 18, 2006)

I
INTRODUCTION

These are the Bylaws of Crossroads Townhomes Owners' Association, a Colorado non-profit corporation (the "Association"). Initial capitalized terms not otherwise defined herein are defined in Article I of the Declaration of Covenants, Conditions, Restrictions and Easements for Crossroads Townhomes, as recorded in the real estate records in the Office of the Clerk and Recorder of Summit County, Colorado (the "Declaration").

Whenever the provisions of the governing documents of this common interest community conflict with the mandatory provisions of the Colorado Common Interest Ownership Act, §38-33.3-101, *et seq.*, as it may be amended from time to time, (the "Act"), the provisions of the Act shall control.

II
EXECUTIVE BOARD

Section 2.1 Number and Qualification: Termination of Declarant Control.

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

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

C. Article IV of the Declaration shall govern appointment of Directors of the Executive Board during the period of Declarant control.

D. The Executive Board shall elect the officers. The Directors and officers shall take office upon election and shall hold such offices until their successors are duly elected and qualified, or until removed pursuant to the Declaration, these Bylaws or Colorado law.

Section 2.2 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 Colorado Common Interest Ownership Act, as set forth in C.R.S. §33-33.3-101, et seq. (the "Act"). The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Community, which shall include the powers set forth in Article V of the Declaration, including but not limited to:

- A. adopt and amend Bylaws, Rules and regulations;
- B. adopt and amend budgets for revenues, expenditures and reserves;
- C. collect Common Expenses Assessments from Unit Owners;
- D. hire and discharge managing agents;
- E. hire and discharge independent contractors, employees and agents other than managing agents;
- F. institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violations of or otherwise enforce the Association's Declaration, Bylaws or Rules in the Association's name, on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- G. make contracts and incur liabilities;
- H. regulate the use, maintenance, repair, replacement and modification of the 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 Section 312 of the Act;
- K. grant easements for any period of time, including permanent easements, leases, licenses and concessions through or over the Common Elements, for no more than one year;
- L. impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, other than Limited Common Elements described in subsections 202(1)(b) and (1)(d) of the Act, and for services provided to Unit Owners;

M. impose a reasonable charge for late payment of assessments, and after Notice of Hearing, levy reasonable fines for violations of the Declaration, Bylaws, Rules and regulations of the Association;

N. impose a reasonable charge for the preparation and recording of amendments to the Declaration and for a statement of unpaid assessments;

O. provide at the option of the Executive Board, for the indemnification of the Association's officers and Executive Board and maintain Directors' and officers' liability insurance;

P. assign the Association's right to future income, including the right to receive Common Expense assessments;

Q. exercise any other powers conferred by the Declaration, these Bylaws or the Act;

R. exercise any other power that may be exercised in the state by a legal entity of the same type as the Association;

S. exercise any other power necessary and proper for the governance and operation of the Association; and

T. by resolution, establish permanent and standing committees of Directors to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within 45 days of publication of the notice. If an appeal is made, the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 2.3 Additional Limitations. The powers of the Executive Board shall be additionally limited pursuant to Article V of the Declaration. Decisions of the Executive Board, or of any committee of the Executive Board, concerning the approval or denial of a Unit Owner's application for architectural or landscaping changes shall be made in accordance with standards and procedures set forth in the rules and regulations of the Association, and shall not be made arbitrarily or capriciously.

Section 2.4 Manager. The Executive Board may employ a Manager for the Community, 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 subsections 2.2(c), (e), (g) and (h) above. The Manager pursuant to specific resolutions of the Executive Board may execute licenses, concessions and contract. Any managing agent, employee, independent contractor, or other person acting on behalf of the Association shall be subject to the Act to the same extent as the Association itself would be. The Association's contract with a managing agent shall be

terminable for cause without penalty to the Association. Any such contract shall be subject to renegotiation.

Section 2.5 Removal of Directors. The Unit Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Unit Owners at which a quorum is present, may remove any Director from the Executive Board, other than a director appointed by the Declarant, with or without cause.

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 Unit Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

A. as to vacancies of Directors whom Unit Owners other than the Declarant elected, by a majority of the remaining elected Directors constituting the Executive Board; and

B. as to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

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

Section 2.7 Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Unit Owner shall be held within 10 days after the annual meeting at a time and place to be set by the Unit Owners at the meeting at which the Executive Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings, provided a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.8 Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand-delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.9 Location of Meetings. All meetings of the Executive Board shall be held in Summit County, Colorado, unless all Directors consent in writing to another location.

Section 2.10 Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10.5 Open Meetings. All meetings of the Association and Executive Board, except executive or closed door sessions of the Executive Board, pursuant to §38-33.3-308(3), Colorado Revised Statutes, shall be open to every Unit Owner of the Association, or to any person designated by a Unit Owner in writing as the Unit Owner's representative, and all Unit Owners or designated representatives so desiring shall be permitted to attend and listen during the deliberations and proceedings. All Unit Owners or designated representatives in attendance at a meeting and so desiring shall be allowed to speak at an appropriate time during the deliberations and proceedings of the Executive Board. At regular and special meetings of the Executive Board, the Board may, by an affirmative vote of the majority of a quorum of the Board, expressly authorize Unit Owners who are not Board members to participate in deliberations or discussions. At any meeting where Unit Owners or their designated representatives are allowed to speak, the Board shall allow a reasonable number of persons to speak on each side of an issue; however, the Board may place reasonable time restrictions on those persons speaking. At any meeting where Unit Owners or their designated representatives are allowed to speak, the Board shall permit a Unit Owner or a Unit Owner's designated representative to speak before the Board takes formal action on an item under discussion, in addition to any other opportunities to speak.

Pursuant to §38-33.3-308(3), Colorado Revised Statutes, the members of the Executive Board or any committee thereof may hold an executive or closed door session and may restrict attendance to Executive Board members and such other persons requested by the Executive Board during a regular or specially announced meeting or a part thereof. The matters to be discussed at such an executive session shall include only the following enumerated matters:

- A. Matters pertaining to employees of the Association or the managing agent's contract 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;
- E. Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- F. Review of or discussion relating to any written or oral communication from legal counsel.

Prior to the time the members of the Executive Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion as

enumerated above. No rule or regulation of the Board or any committee thereof shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held and the general subject matter of the executive session.

Section 2.11 Quorum of Directors. At all meetings of the Executive Board, a majority of the Directors shall constitute a quorum for the transactions 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 adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.12 Compensation. A Director may receive a fee from the Association for acting as a director, as may be set by resolution of the Unit Owners, and may also receive reimbursement for necessary expenses actually incurred in connection with the Director's duties. Directors acting as officers or employees may also be compensated for those duties.

Section 2.13 Consent to Corporate Action. If all the Directors or all Directors of a committee established for such purposes, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of Directors constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file these consents with the minutes of the meetings of the Executive Board.

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

Section 2.15 Conflicts of Interest. If any contract, decision, or other action taken by or on behalf of the Executive Board would financially benefit any member of the Executive Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Executive Board or a parent or spouse of any of those persons, that member of the Executive Board shall declare a conflict of interest for that issue. The member shall declare the 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.

Section 2.16 Board Member and Unit Owner Education. The Board may authorize, and account for 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

Act. The Association shall provide or cause to be provided to owners at no cost, on at least an annual basis, education as to the general operations of the Association and the rights and responsibilities of owners, the Association, and the Executive Board under Colorado law. The criteria for compliance with this section shall be determined by the Executive Board.

Section 2.17 Attorney-Client Privilege. Upon the final resolution of any matter for which the Board received legal advice or that concerned pending or contemplated litigation, the Board may elect to preserve the attorney-client privilege in an appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

III UNIT OWNERS

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

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

Section 3.3 Special Meetings. The president may call special meetings of the Association, by majority of the members of the Executive Board or by Unit Owners comprising 20 percent of the votes in the Association.

Section 3.4 Place of Meetings. Meetings of the Unit Owners shall be held in Summit County, Colorado or may be adjourned to a suitable place convenient to the Unit Owners, as may be designated by the Executive Board or the president.

Section 3.5 Notice of Meetings. Not less than ten nor more than fifty days in advance of any meeting, including budget meetings, of the Unit Owners, the Secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by Unites States mail to the mailing address of each unit or to any other mailing address designated in writing by the Unit Owner. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given. The Association shall provide notice of all regular and special meetings of Unit Owners by electronic mail to all Unit Owners who so request and who furnish the Association with their electronic mail addresses. Electronic notice of a special meeting shall be given as soon as possible but at least twenty-four hours before the meeting. 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 Bylaws, any budget changes, and any proposal to remove an officer or member of the Executive Board. No action shall be adopted at a meeting except as stated in the notice.

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

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

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

- A. roll call (or check-in procedure);
- B. proof of notice of meeting;
- C. reading of minutes of preceding meeting;
- D. reports;
- E. establish number and term of memberships of the 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 3.9 Voting.

A. If only one of several owners of a Unit is present at a meeting of the Association, the owner present is entitled to cast all Votes allocated to the Unit. If more than one of the owners are present, the Votes allocated to the Unit may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the owners casts the Votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by another owner of the Unit.

B. Votes allocated to a Unit may be cast pursuant to a proxy duly executed by a Unit Owner. If a unit is owned by more than one person, each owner of the unit may vote or register protest to the casting of a vote by the other owners of the unit through a duly executed proxy. A proxy shall not be valid if obtained through fraud or misrepresentation. Appointment of proxies may be made substantially as provided in §7-127-203, Colorado Revised Statutes. A Unit Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless it specifies a shorter term.

The Association may 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 Unit Owner.

C. The Vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation or business trust. The Vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The vote of a limited liability company may be cast by any manager of that limited liability company in the absence of express notice of the designation of a specific person by the operating agreement of the owning limited liability company. The moderator of the meeting may require reasonable evidence that any person voting on behalf of any legal entity which is an owner is duly authorized by such legal entity to vote on its behalf.

D. Votes allocated to a Unit owned by the Association may not be cast.

E. Votes for positions on the Executive Board shall be taken by secret ballot and, upon the request of one or more Unit Owners, a vote on any other matter affecting the common interest community on which all Unit Owners are entitled to vote shall be by secret ballot. Ballots shall be counted by a neutral third party or by a Unit Owner who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more such Unit Owners. The results of the vote shall be reported without reference to names, addresses, or other identifying information of the persons casting the votes.

Section 3.10 Quorum. Except as otherwise provided in these Bylaws, the Unit Owners present in person or by proxy at any meeting of Unit Owners, but no less than forty percent (40%) of the members, shall constitute a quorum at that meeting.

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

IV 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 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, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Unit Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a non-profit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Unit Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration, and these Bylaws on behalf of the Association, following authorization or approval of the particular amendments 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 Unit Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a non-profit 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 and may record same 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 non-profit 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. 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 Agreement, Contracts, Deeds, Checks, etc. Except as otherwise provided in these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by an officer of the Association or by any other person or persons designated by the Executive Board.

Section 4.9 Compensation. An officer may receive a fee from the Association, in an amount set by resolution of the Unit Owners, for acting as an officer. An officer may also receive reimbursement for necessary expenses actually incurred in connection with Association duties.

Section 4.10 Statements of Unpaid Assessments. The treasurer, assistant treasurer, a manager employed by the Association or, in their absence, any officer having access to the books and records of the Association may prepare, certify, and execute statements of unpaid assessments, in accordance with Section 316(8) 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 statement is furnished.

V ENFORCEMENT

Section 5.1 Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules and regulations adopted by the Executive Board or the breach of any provision of the Documents shall give the Executive Board the right, after Notice and Hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

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

B. to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

Section 5.2 Fine for Violation. By resolution, following Notice and Hearing, the Executive Board may levy a fine of up to \$25 per day for each day that a violation of the Documents or Rules persists after Notice and Hearing, but this amount shall not exceed that amount necessary to insure compliance with the rule or order of the Executive Board.

Section 5.3 Attorney Fees. If any Unit Owner fails to timely pay assessments or any money or sums due to the Association, the Association may require reimbursement for collection costs and reasonable attorney fees and costs incurred as a result of such failure without the necessity of commencing a legal proceeding.

For any failure to comply with the provisions of the Act or any provision of the governing documents, other than the payment of assessments or any money or sums due to the Association, the Association, any Unit Owner, or any class of Unit Owners adversely affected by the failure to comply may seek reimbursement for collection costs and reasonable attorney fees and costs incurred as a result of such failure to comply, without the necessity of commencing a legal proceeding.

For each claim or defense, including but not limited to counterclaims, cross-claims, and third-party claims, and except as otherwise provided in this section, in any legal proceeding to enforce or defend the provisions of the Act or of your governing documents, the court shall award to the party prevailing on such claim the prevailing party's reasonable collection costs and attorney fees and costs incurred in asserting or defending the claim.

In connection with any claim in which a Unit Owner is alleged to have violated a provision of the Act or of your governing documents and in which the court finds that the Unit Owner prevailed because the Unit Owner did not commit the alleged violation:

A. The court shall award the Unit Owner reasonable attorney fees and costs incurred in asserting or defending the claim; and

B. The court shall not award costs or attorney fees to the Association. In addition, the Association shall be precluded from allocating to the Unit Owner's account with the Association any of the Association's costs or attorney fees incurred in asserting or defending the claim.

A Unit Owner shall not be deemed to have confessed judgment to attorney fees or collection costs.

Section 5.4 Alternative Dispute Resolution. If a dispute arises between Unit Owners or between the Association and one or more Unit Owner relating to the use and enjoyment of a Unit or the Common Elements and is not resolved, the parties shall first proceed in good faith to submit the matter to mediation. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and confidentially. Mediators cannot impose binding decisions; the parties to the dispute must agree before any settlement is binding. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within 30 calendar days of the date written notice requesting mediation is sent by one party to the other at the party's last known address.

VI INDEMNIFICATION

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

VII RECORDS

Section 7.1 Records and Audits. The Association shall maintain financial records using generally accepted accounting principals. 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 Executive Board. Such person need not be a certified public accountant except in the case of an audit.

An audit, as opposed to a review, shall be required only when both of the following conditions are met:

- A. The Association has annual revenues or expenditures of at least two hundred fifty thousand dollars; and
- B. An audit is requested by the owners of at least one-third of the units represented by the Association.

The Association shall make copies of an audit or review under this Bylaw available upon request to any Unit Owner beginning no later than thirty days after its completion. The cost of an audit or review shall be a Common Expense unless otherwise provided in your governing documents.

Section 7.2 Examination. All financial and other records shall be made reasonably available for examination and copying by any Unit Owner, any holder of a Security Interest in a Unit, or its insurer or guarantor, or any of their duly authorized agents or attorneys. As used herein, "reasonably available" means available during normal business hours, upon notice of five business days, to the extent that:

- A. The request is made in good faith and for a proper purpose;
- B. The request describes with reasonable particularity that records sought and the purpose of the request; and
- C. The records are relevant to the purpose of the request.

The Association may charge a fee, not to exceed the Association's actual cost per page, for copies of Association records.

Section 7.3 Records. The Association shall keep financial records sufficiently detailed to enable it, pursuant to §38-33.3-316(8), Colorado Revised Statutes, to furnish, within fourteen calendar days after receipt of a request, a written statement setting forth the amount of unpaid assessments currently levied against an owner's unit.

The Association shall keep as permanent records:

- A. minutes of all meetings of Unit Owners and the Executive Board;
- B. a record of all actions taken by the Unit Owners or Executive Board by written ballot or written consent in lieu of a meeting;
- C. a record of all actions taken by a committee of the Executive Board in place of the Executive Board on behalf of the Association; and
- D. a record of all waivers of notices of meetings of Unit Owners and of the Executive Board or any committee of the Executive Board.

The Association shall also keep a copy of each of the following records at its principal office:

- A. Its Articles of Incorporation;
- B. The Declaration;
- C. The Covenants;
- D. Its Bylaws;
- E. Resolutions adopted by its Executive Board relating to the characteristics, qualifications, rights, limitations, and obligations of Unit Owners or any class or category of Unit Owners;
- F. The minutes of all Unit Owners' meetings, and records of all action taken by Unit Owners without a meeting, for the past three years;
- G. All written communications within the past three years to Unit Owners generally as Unit Owners;
- H. A list of the names and business or home addresses of its current Directors and officers;
- I. Its most recent annual report, if any;
- J. All financial audits or reviews conducted pursuant to §38-33.3-303(4)(b), Colorado Revised Statutes, during the immediately preceding three years;
- K. An account for each Unit, which shall designate the name and address of each Unit Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Unit, the amount of each Common Expense

assessment, the dates on which each assessment comes due, the amounts paid on the account and the balance due;

L. An account for each Unit Owner showing any other fees payable by the Unit Owner;

M. A record of any capital expenditures in excess of \$5,000 approved by the Executive Board for the current and next two succeeding fiscal years;

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

O. The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

P. The current operating budget;

Q. A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

R. A record of insurance coverage provided for the benefit of Unit Owners and the Association;

S. A record of any alterations or improvements to Units or Limited Common Elements that violate any provisions of the declaration of which the Executive Board has knowledge;

T. A record of any violations, with respect to any portion of the common interest community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;

U. A record of actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

V. Balance sheets and other records required by local corporate law; and

W. Tax returns for state and federal income taxation.

The Association or its agent shall maintain a record of Unit Owners in a form that permits preparation of a list of the names and addresses of all Unit Owners, showing the number of votes each Unit Owner is entitled to vote.

The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

Section 7.4 Annual Disclosures. The Association shall provide to all Unit Owners, 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. The notice shall also include the name of the common interest community, the initial date of recording of the declaration, and the reception number with the Clerk and Recorder for Summit County, Colorado, for the main document that constitutes the declaration. If the Association's address, designated agent, or management company changes, the Association shall provide all Unit Owners with an amended notice within ninety days after the change.

Within ninety days after the end of each fiscal year, the Association shall make the following information available to Unit Owners upon reasonable notice:

- A. The date on which is fiscal year commences;
- B. Its operating budget for the current fiscal year;
- C. A list, by unit type, of the Association's current assessments, including both regular and special assessments;
- D. Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- E. The results of any financial audit or review for the fiscal year immediately preceding the current annual disclosure;
- F. A list of all Association insurance policies, including, but not limited to, property, general liability, Association Director and officer 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.);
- G. All the Association's bylaws, articles, and rules and regulations;
- H. The minutes of the Executive Board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- I. The Association's responsible governance policies adopted under §38-33.3-209.5, Colorado Revised Statutes.

Disclosure shall be accomplished by one of the following means:

- A. Posting on an internet web page with accompanying notice of the web address via first-class mail or e-mail;
- B. the maintenance of a literature table or binder at the Association's principal place of business; or

- C. mail or personal delivery.

The cost of such distribution shall be accounted for as a Common Expense liability.

Section 7.5 Seller Disclosures. Section 38-33.3-223, Colorado Revised Statutes, requires a seller of a unit in a common interest community, except in the case of a foreclosure sale, to mail or deliver to the purchaser, on or before the title deadline, copies of all the following in the most current form available:

- A. The bylaws and the rules of the Association;
- B. The declaration;
- C. The covenants;
- D. Any party wall agreements;
- E. Minutes of the most recent annual Unit Owners' meeting and of any Executive Board meetings that occurred within the six months immediately preceding the title deadline;
- F. The Association's operating budget;
- G. The Association's annual income and expenditures statement; and
- H. The Association's annual balance sheet.

VIII MISCELLANEOUS

Section 8.1 Notices. All notices to the Association or the Executive Board shall be delivered to the office of the Manager, or, if there is no Manager, to the Office of the Association, or to such other address as the Executive Board may designate by written notice to all Unit Owners and to all holders of Security Interests in the Units who have notified the Association that they may hold a Security Interest in a Unit. Except as otherwise provided, all notices to any Unit Owner shall be sent to the Unit Owner's address as it appears in the records of the Association. All notices to holders of Security Interests in the Units shall be sent, except where a different manner of notice is specified elsewhere in the Documents, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2 Fiscal Year. The Executive Board shall establish the fiscal year of the Association.

Section 8.3 Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4 Office. The principal office of the Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

Section 8.5 Working Capital. A working capital fund is to be established in the amount of two months' regularly budgeted initial Common Expense assessments, measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by the Declarant at the time the sale of the Unit is closed or at the termination of Declarant control pursuant to Article V of the Declaration, if earlier. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on the Declarant's unsold Units pursuant to the Act. Until termination of Declarant control of the Executive Board, the working capital shall be deposited without interest in a segregated fund. While the Declarant is in control of the Executive Board, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

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

Section 8.7 Mortgagee Consent to Amendment of Declaration. If, pursuant to Section 14.1 of the Declaration, an amendment to the Declaration is proposed, the Association shall send a dated, written notice and a copy of any such proposed amendment by certified mail to the First Mortgagee of any Unit or of any real property owned by the Association and subject to the Association's governing documents at its most recent address as shown on the recorded deed of trust or recorded assignment thereof. In addition, the Association shall cause the dated notice, together with information on how to obtain a copy of the proposed amendment, to be printed in full at least twice, on separate occasions at least one week apart, in a newspaper of general circulation in Summit County, Colorado. A First Mortgagee that does not deliver to the Association a negative response within sixty days after the date of the notice shall be deemed to have approved the proposed amendment.

Section 8.8 Escrow Agreements. The Association may, but is not required to, enter into an escrow agreement with the holder of a Unit Owner's mortgage so that assessments may be combined with the Unit Owner's mortgage payments and paid at the same time and in the same manner; except that any such escrow agreement shall comply with any applicable rules of the federal housing administration, department of housing and urban development, veterans' administration, or other government agency.

Section 8.9 Electronic Notice. The Association shall annually ask every Unit Owner for consent to send notices of meetings by electronic mail; each responding owner shall be deemed to have given his or her consent to receiving notice by electronic mail, in lieu of notice sent by first-class mail. The Association shall maintain a list of electronic mail addresses for all of the Unit Owners. Any Unit Owner who gives written notice to the Association that he or she does not wish to receive notices by electronic means shall receive notice by first class mail, as provided in Section 8.1.

IX
AMNEMENTS TO THEY BYLAWS

The Bylaws may be amended only pursuant to the provisions of Article XXIV of the Declaration.

ATTEST: Certified to be the Amended Bylaws adopted by consent of the Directors of Crossroads Townhomes Owners' Association, dated February 18, 2006.


Secretary
Date: 05-12-2006

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