

By-Laws
Of
Vista De Oro Property Owners Association, Inc.
Amended February 2007

ARTICLE I. OFFICES

The name of the corporation is Vista de Oro Property Owners Association, Inc., a Colorado non-profit corporation, hereinafter referred to as the "Association." The principal office of the Association in the State of Colorado shall be at Post Office Box 81, Hesperus, Colorado 81326, County of La Plata. The Association may have such other offices, either within or without the State of Colorado, as the Board of Directors may designate or as the business of the Association may require from time to time.

ARTICLE II. MEMBERS

SECTION 1. The Developer when referred to in these By-Laws is Vista De Oro LLC, a Limited Liability Company. Owners when referred to in these By-Laws are those parties who purchase a parcel or parcels from the Developer in that certain real estate known as Vista De Oro subject to the Declaration of Protective Covenants (hereinafter referred to as the "Declaration") recorded at reception #748662 in the records of the Clerk and Recorder of La Plata County, Colorado on June 29, 1998.

SECTION 2. Annual Meeting. The annual meeting of the Members shall be determined by the Board of Directors. The purpose of the meeting shall be to elect Directors and for the transaction of such other business as may come before the meeting. IF the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. Of the election of Directors shall not be held on the day designated herein fro any annual meeting of the Members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as conveniently may be.

SECTION 3. Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of not less than ten percent of all the Members of the Association.

SECTION 4. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Colorado unless otherwise prescribed by statue, as the place of meeting for any annual meting or for any special meetings called by the Board of Directors. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Colorado,

unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Association in the State of Colorado.

SECTION 5. Notice of Meetings. Written notice stating the place, day and hour of the meeting and, in case of special meetings, the purpose or purposes for which the meeting is called, shall unless otherwise prescribed by statute, be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary or the persons calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address as it appears on the books of the Association, with postage thereon prepaid, but if three successive letters mailed to the last known address of any Member of record are returned as undeliverable, no further notices to such Member shall be necessary until another address for such Member is made known to the Association. Notice may also be given by electronic means at the electronic address maintained by the Association. Each Owner is responsible for keeping their mailing address and, if applicable, their electronic address, current.

SECTION 6. Quorum. A majority of the Members of the Association entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members. If less than a majority of the Members are represented at a meeting, a majority of the Members so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

SECTION 7. Majority of Quorum. Unless otherwise expressly provided in these By-Laws or the Declaration, any action which may be taken by the Association may be taken by a majority of a quorum of the Members of the Association.

SECTION 8. Proxies. A vote may be cast in person or by proxy. Proxies shall be duly executed in writing, shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such Lot. A proxy shall not be valid if obtained through fraud or misrepresentation. Appointment of proxies may be made substantially as provided in C.R.S. § 7-127-203.

SECTION 9. Informal Action by Members. Unless otherwise provided by law, any action required to be taken at a meeting of the Members, or any other action which may be taken at a meeting of the membership, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof.

SECTION 10. Voting.

- (a) Voting at all meetings of the Association shall be on the basis set forth in the Declaration.
- (b) Where the ownership of a Lot is in more than one person, the person who shall be entitled to cast the vote of a Lot having multiple owners shall be any person owning an interest in such Lot who is present. If more than one person entitled to cast the vote of such Lot is present, then such vote shall be cast only in accordance with their unanimous agreement. There shall be deemed to be unanimous agreement if any one of the multiple owners cast the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the others owners of the Lot. In the event such protest is made, the vote of that Lot shall not be counted for any purpose whatsoever other than to determine whether a quorum exists.
- (c) If the Declarant owns or holds title to any Lot, the Declarant shall have the right to cast the votes to which such Lot is entitled.
- (d) At each election for the Board one Lot Owner of each Lot shall be entitled to cast for each vacancy to be filled at such election one (1) vote for each Lot owned, as provided for in the Declaration.
- (e) Votes for contested positions on the Board shall be taken by secret ballot. Those candidates receiving the greatest number of votes cast in such elections shall be elected.
- (f) At the discretion of the Board or upon the request of twenty percent of the Owners who are present at the meeting or represented by proxy, if a quorum has been achieved, a vote on any matter affecting the common interest community on which all Owners are entitled to vote shall be taken by secret ballot. Ballots shall be counted by a neutral third party or by a committee of volunteers. Such volunteers shall be Owners who are selected or appointed at an open meeting, in a fair manner, by the Chair of the Board or another person presiding during that portion of the meeting. The volunteers shall not be Board Members and, in the case of contested election for a Board position, shall not be candidates. The results of the a vote taken by secret ballot shall be reported without reference to the names, addresses, or other identifying information of Owners participating in such vote.
- (g) The Association is entitled to reject a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation if the secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the Owner.

(h) The Association and its officer or agent who accepts or rejects a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation in good faith and in accordance with the standards of this section are not liable in damages for the consequences of the acceptance or rejection.

(i) Any action of the Association based on the acceptance or rejection of a vote, consent, written ballot, waiver, proxy appointment, or proxy appointment revocation under this section is valid unless a court of competent jurisdiction determines otherwise.

SECTION 11. Open Meetings. Notwithstanding any provision in the declaration, bylaws, or other documents to the contrary, all meetings of the Association and Board of directors are open to every Owner of the Association, or to any person designated by a Owner in writing as the Owner's representative.

SECTION 12. Restrictions on Speakers. At an appropriate time determined by the Board, but before the Board votes on an issue under discussion, owners or their designated representatives shall be permitted to speak regarding that issue. The Board may place reasonable time restrictions on persons speaking during the meeting. If more than one person desires to address an issue and there are opposing views, the Board shall provide for a reasonable number of persons to speak on each side of the issue.

SECTION 13. 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 any appropriate manner, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting.

ARTICLE III. BOARD OF DIRECTORS

SECTION 1. Powers and Duties. The business and affairs of the Association shall be managed by its Board of Directors. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. Such powers and duties of the Board shall include but shall not be limited to, the following, all of which shall be done for and on behalf of the Owners of the Parcels:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, the By-Laws of the Association and supplements and amendments thereto;

(b) To establish, make and enforce compliance with such rules and regulations as may be necessary for the operation, use and occupancy of all of the Parcels with the right to amend the same from time to time. A copy of such

rules and regulations shall be delivered or mailed to each Member upon the adoption thereof;

(c) To incur such costs and expenses as may be necessary to keep in good order, condition and repair all of the areas in the Property required to be maintained by the Association;

(d) To obtain and maintain all insurance required or permitted under the Declaration or otherwise deemed advisable by the Association;

(e) To prepare a budget for the Association in the manner set forth in the Declaration to determine the amount of the expense assessments payable by the Owners to meet the expenses of the Property, and allocate and assess such expenses among the Owners as set forth in the Declaration and to adjust, decrease or increase the amount of the expense assessments and to levy and collect special assessments;

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from a Member as is provided in the Declaration and these By-Laws. The Board shall have the duty, rights, power and authority to suspend the voting rights of any Member in the event that any assessment made remains unpaid more than 30 days from the due date for payment of it. Such rights may also be suspended for a period not to exceed 60 days for infraction of published rules and regulations of the Association;

(g) To borrow funds to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these By-Laws, and to execute all such instruments evidencing such indebtedness as the Board may deem necessary and, upon the written consent of the members entitled to vote, to give security therefore. Such indebtedness shall be the several obligations of all of the Members in the manner set forth in the Declaration. The Persons who shall be authorized to execute promissory notes and security instruments on behalf of the Association shall be the President or Vice President and Secretary or Assistant Secretary;

(h) To enter into contracts to carry out their duties and powers and to hire and fire all personnel necessary for the operation, maintenance, repair and replacement of the areas for which the Association is responsible under the Declaration;

(i) To establish a bank account or accounts for the treasury and for all separate funds of the Association that are required or may be deemed advisable;

(j) To make repairs, additions, alterations and improvements to the areas required to be maintained by the Association;

- (k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to allow examination thereof at any reasonable time by each Member and First Mortgagees of Parcels and, at the option of the Board, cause a certified public accountant to prepare a compilation or review financial statement of the books and records of the Association. At the option of the Board, every five years a review or audited financial statement may be required;
- (l) To prepare and deliver annually to each Member the reports prepared under subsection (k) above;
- (m) To meet at least annually;
- (n) To supervise all officers, agents and employees of this Association, and to see that their duties are properly done;
- (o) As more fully provided in the Declaration, to:
 - (1) Fix the amount of the annual expense assessment against each Parcel;
 - (2) Send written notice of each annual expense assessment to every Owner subject thereto in the manner and at the times set forth in the Declaration; and
 - (3) Foreclose the lien against any Parcel for which assessments are not paid within 90 days after the due date or bring an action at law against the Owner personally obligated to pay the same;
- (p) Subject to the provisions of the Declaration: to issue or to cause an appropriate officer to issue, upon demand by a person, a certificate setting forth whether any assessment has been paid; a reasonable charge may be made by the Board of Directors for the issuance of these certificates; if a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment to that person who relies thereon to his detriment;
- (q) To cause all officers and employees having fiscal responsibilities to be bonded, if and as it may deem appropriate;
- (r) Employ the services of a manager or managing agent, or both, and such independent contractors or other employees as they deem necessary, and delegate any of their duties to such persons; provided, however, when so delegated, the Board of Directors shall not be relieved of its responsibilities under the Declaration, the Articles of Incorporation or these By-Laws; and

(s) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable to carry out the governing and the operation of the Property.

SECTION 2. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Articles of Incorporation, these By-Laws or the Rules and Regulations adopted pursuant hereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board or the managing agent shall have the right to enforce the same thereafter.

SECTION 3. Number, Tenure and Qualifications. The number of Directors of the Association shall be no less than one or more than ten. The number of Directors shall be set at any special or annual meeting of Directors, but the Members shall be three until changed at a subsequent meeting of Directors. Each Director shall hold office until the next annual meeting of Members and until his successor shall have been elected and qualified.

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of Members. The Board of Directors may provide, by resolution, fix the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 5. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for holding any special meeting of the Board of Directors called by them.

SECTION 6. Telephone Meetings. Members of the Board of Directors or any committee designated by the Board may participate in any meeting of the Board or Committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

SECTION 7. Notice. Notice of any special meeting shall be given at least three days previously thereto by written notice delivered personally, mailed, or e-mailed to each Director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 8. Quorum. A majority of the number of Directors fixed by Section 3 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting,

a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 9. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 10. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed by all of the Directors.

SECTION 11. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of Directors by the Members.

SECTION 12. Compensation. By resolution of the Board of Directors, each Director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as Director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

SECTION 13. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action or any Association matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 14. Limited Liability of the Board. The Board, its officers and members in their individual capacities:

- (a) Shall not be liable to the Owners as a result of the performance of the Board members' duties for any mistake of judgment, negligence, or otherwise, except for the Board members' own willful misconduct or recklessness;
- (b) Shall have no personal liability in contract to an Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument, or transaction entered into by them on behalf of the Board or the Association in the performance of the Board members' duties;

(c) Shall not be liable to an Owner, or such Owner's officers, employees, tenants, guests, or invitees, for loss or damage caused by theft of or damage to personal property left by such Owner or his officers, employees, tenants, guests, or invitees in a Lot, or entrusted to any employee or agent of the Association, except for the Board members' own willful misconduct or recklessness;

(d) Shall have no personal liability in tort to an Owner or any other person or entity, direct or imputed by virtue of acts performed by or for them, or by or for the Association, except for the Board members' own willful misconduct or recklessness in the performance of their duties; and

(e) Shall have no personal liability arising out of the use, misuse, or condition of the Property, or which might in any other way be assessed against or imputed to the Board members as a result of or by virtue of their performance or non-performance of their duties, except for the Board members' own willful misconduct or recklessness.

SECTION 15. Indemnification. Each and every member of the Board in their capacity as a Board member, officer, or both, and each officer of the Association in their capacity as such, shall be indemnified by the Association against all expenses and liabilities, including damages, fines, penalties, costs, and attorneys' fees, reasonably incurred by or imposed upon them in connection with any proceeding in which they may become involved by reason of their being or having been a member of the Board and/or an officer of the Association, or any settlement of any such proceeding, whether or not they are a Board member, officer, or both at the time such expenses are incurred, except in such cases wherein such Board member and/or officer is adjudged guilty of willful misconduct or recklessness in the performance of his or her duties; provided that, in the event of a settlement, this indemnification shall apply only if and when the Board (with the affected member abstaining if he or her is then a Board member) approves such settlement and reimbursement as being in the best interests of the Association. The indemnification set forth in this paragraph shall be paid by the Association on behalf of the Owners or may be provided by appropriate insurance coverage, and in either case the cost thereof shall constitute a Common Expense and shall be assessed and collectible as such. Such right of indemnification shall not be deemed exclusive of any other rights to which such Board member and/or officer may be entitled as a matter of law or agreement or by vote of the Lot Owners or otherwise.

SECTION 16. Conflicts of Interest. Pursuant to C.R.S. §38-33.3-310.5

(a) If any contract, decision, or other action taken by or on behalf of the Board would financially benefit any member of the Board or any person who is a parent, grandparent, spouse, child, or sibling of a member of the Board or a parent or spouse of any of those persons, that member of the 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.

(b) Any contract entered into in violation of this section is void and unenforceable.

(c) This Section 14 shall not be construed to invalidate any provision of the declaration, bylaws, or other documents that more strictly defines conflicts of interest or contains further limits on the participation of Board members who may have conflicts of interest.

(d) With regard conflicts of interest, the members of the Board shall be subject to the standards set forth in C.R.S. § 7-128-401, except that: used in that section “corporation” or “nonprofit corporation” means the Association; “Director” means a member of the Association’s Board; and (c) “officer” means any person to whom the Board delegates responsibilities under this Article, including, without Limitation, a managing agent, attorney, or accountant employed by the Board.

SECTION 17. Public Disclosures.

(a) The Association shall make the following information available to Owners upon reasonable notice in accordance with C.R.S. §38-33.3-209.4(3): the name of the Association; the name of the Association’s designated agent or management company, if any; a valid physical address and telephone number for both the Association and the designated agent or management company, if any; the name of the common interest community; the initial date of recording of the declaration; and the reception number or book and page for the main document that constitutes the declaration.

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

- (1) The date on which its fiscal year commences;
- (2) Its operating budget for the current fiscal year;
- (3) A list, by unit type, of the Association’s current assessments, including both regular and special assessments;
- (4) Its annual financial statements, including any amounts held in reserve for the fiscal year immediately preceding the current annual disclosure;
- (5) The results of its most recent available financial audit or review;
- (6) A list of all Association insurance policies, including, but not limited to, property, general liability, Association director and officer

professional liability, and fidelity policies. Such list shall include the company names, policy limits, policy deductibles, additional named insureds, and expiration dates of the policies listed.

- (7) All the Association's bylaws, articles, and rules and regulations;
- (8) The minutes of the Board and member meetings for the fiscal year immediately preceding the current annual disclosure; and
- (9) The Association's responsible governance policies adopted under section §38-33.3-209.5 of the Act as described in Section 19 below.

(c) It is the intent of this Section 18 to allow the Association the widest possible latitude in methods and means of disclosure, while requiring that the information be readily available at no cost to Owners at their convenience. Disclosure 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.

SECTION 18. Responsible Governance Policies. To promote responsible governance, the Association shall:

- (a) Maintain accurate and complete accounting records;
- (b) Adopt policies, procedures, and rules and regulations concerning:
 - (1) Collection of unpaid assessments;
 - (2) Handling of conflicts of interest involving Board members;
 - (3) Conduct of meetings, which may refer to applicable provisions of the nonprofit code or other recognized rules and principles;
 - (4) Enforcement of covenants and rules, including notice and hearing procedures and the schedule of fines;
 - (5) Inspection and copying of Association records by Owners;
 - (6) Investment of reserve funds;
 - (7) Procedures for the adoption and amendment of policies, procedures, and rules.
 - (8) Procedures for addressing disputes arising between the Association and Owners.

SECTION 19. Board Member 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 the Association. The course content of such educational meetings and seminars shall be specific to Colorado, and shall make reference to applicable sections of this article.

SECTION 20. Owner Education. The Association shall provide, or cause to be provided, education to owners at no cost on at least an annual basis as to the general operations of the Association and the rights and responsibilities of owners, the Association, and its Board under Colorado law. The criteria for compliance with this section shall be determined by the Board.

ARTICLE IV. OFFICERS

SECTION 1. Number. The officers of the Association shall be a President, a Vice-President, if elected by the Board of Directors, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors.

Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. The officers of the Association shall be natural persons of the age of eighteen years or older.

SECTION 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general

supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the Members and of the Board of Directors, unless a different Chairman has been otherwise designated or elected. He may sign, with the Secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. Vice-President. In the absence of the President or in the event of death, inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. Secretary. The Secretary shall: (a) keep the minutes of the proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal of the Association and see that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; (d) keep a register of the post office address of each Member which shall be furnished to the Secretary by such Member; and (e) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 8. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these By-Laws; and (c) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of these duties in such sum and with such surety or sureties as the Board of Directors shall determine.

SECTION 9. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Association.

ARTICLE V. ARCHITECTURAL REVIEW COMMITTEE

SECTION 1. The Board shall act as an Architectural Review Committee (hereinafter referred to as the "ARC") in order to assure that the Property shall always be maintained in a manner:

- (a) providing for visual harmony and soundness of repair;
- (b) avoiding activities deleterious to the aesthetic or property values of the Property;
- (c) furthering the comfort of the Owners, their guests and tenants; and
- (d) promoting the general welfare of the community.

SECTION 2. The ARC shall regulate the external design, appearance, use and maintenance of the Lots and improvements. The ARC shall have the power to adopt Building Guidelines consistent with the Declaration and resolutions of the Board and the Colorado Common Interest Ownership Act (hereinafter referred to as the "CCIOA"), issue a cease and desist request to an Owner, his guests, invitees, or lessees whose actions are inconsistent with the provisions of the CCIOA, the Declaration, the Building Guidelines, or resolutions of the Board. The ARC shall from time to time, as required, provide interpretations of the Declaration, Building Guidelines, and resolutions pursuant to the intent, provisions and qualifications thereof when requested to do so by an Owner.

SECTION 3. In accordance with C.R.S. §38-33.3-302, decisions concerning the approval or denial of a Owner's application for architectural or landscaping changes shall be made in accordance with standards and procedures set forth in the Declaration or in duly adopted rules and regulations or bylaws of the Association, and shall not be made arbitrarily or capriciously.

SECTION 4. Non-Liability of the Association Acting as an Architectural Review Committee. The Association shall not be liable in damages to anyone submitting any plans for approval or to any owner or lessee of any Lot subject to this Declaration by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with respect to any plans submitted to it. Anyone acquiring title to or a leasehold interest in any Lot, or submitting plans to the Association for approval, by so doing agrees and covenants that he, she, or it will not bring an action or suit for damages against the Association, its members as individuals, or its advisers, employees or agents.

ARTICLE VI. CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the Association and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors.
Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks, savings institutions, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII. BOOKS AND RECORDS

SECTION 1. Availability of Books and Records for Copying and Inspection.

(a) The books, records, and papers of the Association shall at all times during reasonable business hours be subject to examination and copying by any Owner and such Owner's authorized agent's upon notice of five business days, or at the next regularly scheduled meeting if such meeting occurs within thirty days after the request to the extent that (i) the request is made in good faith and for a proper purpose; (ii) the request describes with reasonable particularity the records sought and the purpose of the request; and (iii) 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. As used in this section, "reasonably available" means available during normal business hours.

(b) Notwithstanding the provisions of this Article, a membership list or any part thereof may not be obtained or used by any person for any purposed unrelated to a Owner's interest as a Owner without the Consent of the Board. Without the consent of the Board, a membership list or any part thereof may not be: used to solicit money or property unless such money or property will be used solely to solicit the votes of the Owners in an election to be held by the

Association; used for any commercial purpose; or sold to or purchased by any person.

SECTION 2. Books and Records to be Maintained.

(a) The Association shall keep financial records sufficiently detailed to enable the Association to comply with section §38-33.3-316(8) concerning statements of unpaid assessments.

(b) The Association shall keep as permanent records minutes of all meetings of the Owners and the board, a record of all actions taken by the Owners or Board by written ballot or written consent in lieu of a meeting, a record of all actions taken by a committee of the Board in place of the Board on behalf of the Association, and a record of all waivers of notices of meetings of Owners and of the Board or any committee of the Board.

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

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

(e) All financial and other records shall be made reasonably available for examination and copying by any Owner and such owner's authorized agents.

(f) The Association shall keep a copy of each of the following records at its principal office: the articles of incorporation; (b) the Declaration of Protective Covenants for Vista de Oro; (b) the bylaws; (c) any Building Guidelines adopted by the Association or the Architectural Committee;

(g) Resolutions adopted by its Board relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or any class or category of Owners;

(h) The minutes of all Owners' meetings, and records of all action taken by Owners without a meeting, for the past three years;

(i) All written communications within the past three years to Owners generally as Owners;

(j) A list of the names and business or home addresses of its current directors and officers;

(k) Its most recent annual report, if any; and

- (l) All financial audits or reviews conducted pursuant to section §38-33.3-303(4)(b) during the immediately preceding three years.

ARTICLE VIII. BUDGETS, COMMON EXPENSES, AND ASSESSMENTS

SECTION 1. Determination of Common Expenses and Assessments Against Owners.

- (a) Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise determined by the Board.

- (b) Preparation and Approval of Budget.

(1) Within ninety days after adoption of any proposed budget for the common interest community, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within forty-five days after mailing or other delivery of the summary. The Board shall give notice to the Owners of the meeting as allowed for in these bylaws. The budget proposed by the Board does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the noticed meeting by a majority of all Owners. In the event that the proposed budget is vetoed, the periodic budget last proposed by the Board and not vetoed by the Owners must be continued until a subsequent budget proposed by the Board is not vetoed by the Owners.

(2) Such budget shall contain an estimate of the total amount considered necessary to pay the costs of taxes, property assessments, maintenance, management, operation, repair, and replacement of the roads to be maintained by the Association, and other expenses that may be declared to be common expenses by the CCIOA, the Declaration, these Bylaws or a resolution of the Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the portions of the Property to be maintained by the Association and the rendering to the Owners of all related services. The budget may also include such reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. Along with the Notice to Owners of the Annual Meeting of the Association, the Board shall send to each Owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each Owner. Such budget shall constitute the basis for determining each Owner's assessment for the common expenses of the Association. Unless at the annual meeting (or at a special meeting set for the purpose of approving

the budget), a majority of the Owners entitled to vote, vote to reject the budget, the budget is ratified. The Board shall cause a notice of the monthly payment of common expenses and any special assessments applicable to each Owner to be mailed to the respective Owner(s) within thirty (30) days after the budget is ratified. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. Such budget shall constitute the basis for determining each Owner's assessment for the Common Expenses for the Property.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of the CCIOA, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board shall be assessed against each Owner based on the formulas set forth in the Declaration, and shall be a lien against each Owner's Lot as provided in Article XVIII of the Declaration. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Lot shall be obligated to pay to the Board one-thirty fifth (1/35th) of such assessment(s). Within ninety (90) days after the end of each fiscal year, the Board shall supply to all Owners, and to each Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board, be placed in reserve accounts, to be expended for the general welfare of the Owners, or be credited to the Owners in proportion to their respective assessments to the next monthly installment(s) due from Owners under the current fiscal year's budget until exhausted. Any net shortage shall be assessed promptly against the Owners in accordance with their common expense liability and shall be payable either: (i) in full with payment of the next monthly assessment due; or (ii) in not more than four (4) monthly installments, as the Board may determine.

(d) Reserves. The Board may build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget that may become necessary during the year shall be charged first against such reserves. If the reserves are inadequate for any reason, including non-payment of any Owner's assessment, the Board may levy a further assessment, which shall be assessed against the Owners according to their respective Common Expense Liabilities, and which may be payable in a lump sum or in installments as the Board may determine. The Board shall serve notice of any such further assessment on all Owners by a statement in writing giving the amount and reasons therefore, and the time when payment is due.

ARTICLE IX. CORPORATE SEAL

The Board of Directors shall provide an Association seal which shall be either circular in form and shall have inscribed thereon the name of the Association and the state of incorporation and the word "Seal", or shall be a rubber seal in substantially the same form as provided above.

ARTICLE X. WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any Member or Director of the Association under the provisions of these By-Laws or under the provisions of the Colorado Corporation Code, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XI. AMENDMENTS

These Bylaws may not be modified or amended except by vote of sixty-seven percent (67%) of the Owners.

VISTA DE ORO PROPERTY OWNERS ASSOCIATION, INC.

By: *Claud E. Dunlap*, President

STATE OF COLORADO
COUNTY OF LA PLATA

The foregoing instrument was acknowledged before me this first day of February, 2007, by *Claud E. Dunlap*, President of VISTA DE ORO PROPERTY OWNERS ASSOCIATION. INC.