

**BY-LAWS
OF
DEERFIELD PARK HOMEOWNERS ASSOCIATION**

INTRODUCTION

These By-laws of the Deerfield Park Homeowners Association, (the Association) are adopted for the regulation and management of the Association in conformance with the Colorado Revised Nonprofit Corporation Act, C.R.S. 7-20-101, et seq., as amended from time to time (the "Nonprofit Corporation Act") and the Colorado Common Interest Ownership Act, C.R.S. 38-33.3-101, et seq., as amended from time to time (the "Act"). The Association is referenced in the Declaration of Protective Covenants (the Declaration) for Deerfield Park PUD, Garfield County, Colorado, filed for record with the County Clerk and Recorder of said Garfield County as Reception No. 500907 on the 12th day of November, 1996, in Book 999, Page 326. The Association is to operate the Common Interest Community for the same, in accordance with the requirements for an association of Owners charged with the administration of property under the Act. Each capitalized term, not otherwise defined in these Articles, will have the meaning specified or used in the Act, or as defined in the Declaration. For the purposes of clarification of definitions used in the Declaration and the Act, the term "Owner" in the Declaration shall be synonymous with the term "Unit Owner" in the Act and the term "Lot" in the Declaration and these Bylaws shall be synonymous with the term "Unit" in the Act.

**ARTICLE I
OWNERS/MEMBERS**

1.1 Lot Owners/Members. Every Owner, while such person is an Owner, shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Lot. No Owner, whether one or more persons, shall have more than one membership per Lot owned, but all the persons owning each Lot shall be entitled to rights of membership and use and enjoyment appurtenant to such Ownership. The Association will be a membership corporation without certificates or shares of stock.

1.2 Annual Meeting. The annual meeting of the Members will be held at a place and on a date and time to be determined by the Directors of the Executive Board. The meeting shall be held no later than May 1st of each calendar year. Prior to the annual meeting, written notice of the meeting place, time and date shall be delivered to each Homeowner. A copy of the proposed budget, Board member election information and election proxy shall be delivered with said Notice.

At the annual meeting, the Directors of the Executive Board shall be elected by the Members, in accordance with the provisions of Article II of the By-laws. If no new Members are to be elected or no new candidates have come forth for election, the Board shall announce the continuance of current Member terms. The Board shall also set the date, time and place for the first regular meeting of the Board of Directors. This first meeting shall be held within 30 days of the Annual Meeting. The Members may transact other business as may properly come before them at these annual meetings.

1.3 Special Meetings. Special meetings of the Association may be called by the Board President, by a majority of Directors of the Executive Board or by members comprising at least 20% of the votes of the Association.

1.4 Place of Meetings. Meetings of the members shall be held at a suitable place convenient to the members, as may be designated by the Executive Board.

1.5 Notice of Meetings. The Secretary or other officers specified by the By-laws shall cause notice to be and hand-delivered or sent pre-paid by U.S. Mail to the mailing address of each Lot or to the mailing address designated in writing by the member, not less than ten (10) nor more than fifty (50) days in advance of the annual meeting. Such notice shall state the time and place of the meeting and the items on the agenda, including, if applicable, the general nature of any proposed amendment to the Declaration or the By-laws, any budget changes and any changes to the Executive Board. No action shall be adopted at a special meeting, except as stated in a notice. Any changes or matters presented in meetings, not presented in the agenda notice, shall be presented in the next meeting as part of that meeting's agenda.

1.6 Waiver of Notice. Any member may, at any time, waive any notice required to be given under these B-Laws, by statute or otherwise. The presence of a member in person at any meeting of the members will constitute a waiver, unless such presence is for the express purpose of objecting to the meeting for the reason that it was not lawfully called.

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1.7 Quorum. Unless otherwise ordered by a court of competent jurisdiction, all meetings of members, one-third (1/3) of the members entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum of the members at the meeting.

1.8 Adjournment of Meeting. At any meeting of Members, a majority of the Members who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time. If, at any time and place of meeting, a quorum is lacking, the Chairman of the meeting, or the Members holding a majority of the votes present in person or by proxy, may adjourn the meeting from time to time until a quorum exists. At any adjourned meeting at which a quorum exists, any business may be transacted which might have been transacted at the original meeting.

1.9 Order of Business. The order of business at the meetings of the Members shall be as follows:

- (A) Roll call or equivalent check-in of Members present and entitled to vote;
- (B) Statement of compliance with procedures for notice of meeting or waiver of notice;
- (C) Inspection and verification of proxies;
- (D) Reading of minutes of preceding meeting;
- (E) Reports of Officers;
- (F) Committee Reports;
- (G) Establish number and terms of Directors of the Executive Board (if required and noticed);
- (H) Election of Inspectors of Election (when required);
- (I) Election of Directors of Executive Board (when required);
- (J) Establish a time (within 10 days of annual meeting) and place for the first regular meeting of Executive Board;
- (K) Ratification of Budget (if required and noticed);
- (L) Unfinished business; and
- (M) New business

1.10 Voting. Voting shall be based on one (1) vote per Lot. The Members shall be of one class as defined in the Declaration. Cumulative voting will not be allowed.

(1) If only one of several co-owners of a Lot is present at a meeting of the Association, the owner present is entitled to cast the vote allocated to the Lot. Individual co-owners may not cast fractional votes. If more than one of the co-owners are present, the vote allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of the co-owners. There is a majority agreement if any one of the co-owners casts the vote allocated to the Lot without protest being made promptly to the person presiding over the meeting by another co-owner of the Lot, in which case such Member's vote shall not be counted.

(2) Votes allocated to a Lot may be cast under a proxy duly executed by a Member, provided that any proxy shall be filed with the Secretary of the Association at least twenty-four (24) hours prior to the time of any meeting. If a Lot is owned by more than one person, each owner of the Lot may vote or register to protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Member may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one (1) year after its date, unless it specifies a shorter term.

(3) 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 by-laws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of such entity 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 such entity in the absence of express notice of the designation of a specific person by the owning limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust owner is qualified to vote.

1.10 Majority Vote. Unless a different percentage is required by the Declaration, the Articles of Incorporation, these By-laws or applicable law, the affirmative votes of more than fifty percent (50%) of the votes represented at a meeting duly called and convened at which a quorum is present will be sufficient to adopt decisions binding on all Members.

1.12 Rules of Meetings. The Executive Board may prescribe reasonable rules for the conduct of all meetings of the Executive Board and Members and in the absence of such rules, Robert's Rules of Order will be used.

**ARTICLE II
EXECUTIVE BOARD**

2.1 Purpose and Functions. The business and affairs of the Common Interest Community and the Association shall be conducted, managed and administered by an Executive Board. In the event of any dispute or disagreement between any Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation or By-Laws, such dispute or disagreement will be submitted to the Board. The determination of such dispute or disagreement by the Board will be binding on all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board.

2.2 Number and Qualification. The Executive Board shall consist of not less than three (3) nor more than five (5) members, to be known as "Directors," who, excepting the Directors appointed by the Declarant, shall be Owners. The specific number of directors may be set from time to time by a vote of the Members at the annual meeting. If any Lot is owned by a partnership or corporation, any officer, partner or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be a Owner for the purposes of the preceding sentence. Directors shall serve until their successors are duly elected and qualified.

2.3 Executive Board Directors During Period of Declarant Control.

(a) From the date of formation of the Association until the termination of Declarant's control, Declarant will have the right to appoint and remove all Directors on the Executive Board and all officers of the Association. Provided that not later than sixty (60) days after conveyance of 25% of the Lots, at least one (1) Director and not less than 25% of the Executive Board must be elected by other Lot owners and not later than sixty (60) days after conveyance of 50% of the Lots, at least 33% of the Executive Board must be elected by other Lot owners. The period of Declarant's control of the Association will terminate upon the first to occur of sixty (60) days after conveyance of seventy-five percent (75%) of the Lots to Owners other than a successor Declarant, two (2) years after the last conveyance of a Lot by a Declarant in the ordinary course of business or two (2) years after any right to add new Lots was last exercised.

(b) Declarant may voluntarily surrender the right to appoint and remove officers and Directors of the Executive Board before termination of the period of Declarant's control, but, in that event, Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

(c) All Directors and officers appointed by the Declarant will serve at the pleasure of the Declarant and the Declarant will have the absolute right, at any time and in its sole discretion, to remove any Board Director or Officer appointed by it, and to replace such Board Director or Officer with another person to serve on the Executive Board or as an Officer. Replacement of any Board Director or Officer appointed by the Declarant will be made by written instrument delivered to any officer or any other Board Director, which instrument will specify the name of the person designated as successor Board Director or Officer. The removal of any Board Director or Officer and the designation of his successor by the Declarant will become effective immediately upon delivery of such written instrument by the Declarant.

2.4 Election of Executive Board After Period of Declarant Control.

(a) Not later than the termination of the period of Declarant's control as provided above, the Owners (including Declarant, if the Declarant is still an Owner) will elect the Executive Board of at least three (3) Directors, at least a majority of whom must be Owners other than Declarant or designated representatives of Owners other than Declarant, and the Executive Board will elect the officers, with such Board Directors and Officers to take office upon termination of the period of Declarant's control. Any terms of Directors which have not expired will immediately terminate.

(b) Directors of the Executive Board and Officers elected by the Declarant need not be Owners or employees of Declarant.

(c) Directors will thereafter be elected by the Members at each annual meeting of the Members.

2.5 Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, the Articles of Incorporation of the Association (the "Articles"), these By-Laws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration, the Articles and the Act, the

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powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, which shall include the powers and duties set forth in the Declaration and shall include, without limitation, the following:

(a) to administer and enforce the covenants, conditions, restrictions, limitations, obligations and all other provisions set forth in the Declaration, Articles and these By-Laws;

(b) to establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Lots and the Common Area with the right to amend the same from time to time. A copy of such rules and regulations will be delivered or mailed to each Owner promptly upon the adoption thereof;

(c) to cause the Association to keep in good order, condition and repair the Common Area and all items of personal property, if any, used in the enjoyment of the property;

(d) to obtain and maintain, to the extent obtainable, all policies of insurance required by the Declaration;

(e) to collect Assessments for Common Expenses from Owners;

(f) upon notice and after an opportunity for a fair hearing, to impose penalties and collect delinquent Assessments by suit or otherwise, to collect costs and reasonable attorney's fees, and to enjoin or seek damages from an Owner as is provided in the Declaration;

(g) to protect and defend the Property from loss and damage by suit or otherwise;

(h) to borrow funds and to give security therefor in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration or these By-Laws and to execute all such instruments evidencing such indebtedness as the Executive Board may deem necessary or desirable;

(i) to enter into contracts within the scope of their duties and powers, provided however, that any agreement for professional management of the Property or any other contract providing for services of the Declarant may not exceed three (3) years, and any such agreement must provide for termination by either party without cause and without payment of a termination fee on no more than one hundred eighty (180) days written notice;

(j) to establish bank accounts which are interest-bearing or non-interest bearing, as may be deemed advisable by the Executive Board;

(k) to cause to be kept minutes of each meeting of the Executive Board and to make such minutes available at any meeting of Members when requested in writing by twenty-five percent (25%) of all Members who are entitled to vote;

(l) to designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Area;

(m) to buy or otherwise acquire, sell or otherwise dispose of, mortgage or otherwise encumber, exchange, lease, hold, use, operate and otherwise deal with and in, real, personal and mixed property of all kinds, and any right or interest therein, for any purpose of the Association;

(n) if the Association delegates powers of the Executive Board or Officers for the collection, deposit, transfer or disbursement of Association funds to any other person (including a managing agent), to require all of the following:

(i) that the other person or managing agent maintain fidelity insurance coverage or a bond in an amount not less than Fifty Thousand Dollars (\$50,000.00) or such higher amount as the Executive Board may require;

(ii) that the other person or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from the operational accounts of the Association; and



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(iii) that an annual accounting for Association funds and a financial statement be prepared and presented to the Association by a public accountant or a certified public accountant.

2.6 Election and Term of Office. At annual meetings of the Members of the Association to be held as herein provided, the terms of office of the Directors may be fixed for such period of time as the Members entitled to vote may determine, and such terms may be staggered, that is to say, various Directors may be elected for terms of different lengths so that there will be a carryover of old Directors at each annual meeting, and only new Directors will be designated thereafter, provided that nothing herein contained shall prevent the election of a Director whose term has expired to a new term as such Director. At any meeting at which Directors are to be elected, the Members may, by resolution, adopt specific procedures which are consistent with these By-Laws or the Corporation Laws of the State of Colorado for conducting the elections.

2.7 Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Members, 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. Vacancies shall be filled in the following manner:

(a) As to vacancies of Directors whom Members 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. The term of office of any Director shall be declared vacant when such Director ceases to be a Member of the Association by reason of the transfer of such Director's ownership of a Lot.

2.8 Removal of Directors. Members, by a two-thirds ($\frac{2}{3}$) vote of all persons present and entitled to vote at any meeting of the Members at which a quorum is present, may remove any Director of the Executive Board, other than a Director appointed by the Declarant, with or without cause.

2.9 Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Members shall be held within ten (10) days after the annual meeting at a time and place to be set by the Members 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 by resolution, and no further notice is necessary to constitute regular meetings.

2.10 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 (3) 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.

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

2.12 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to giving of such notice. 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.

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

2.14 Compensation. A Director shall not receive a fee from the Association for acting as a Director, as may be set by resolution of the Members, but may receive reimbursement for necessary expenses actually incurred in connection with the Director's duties. Directors acting as Officers shall not be compensated for those duties.

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

2.16 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 Directors and may hear the deliberations of the other Directors 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.

2.17. Manager or Managing Agent. The Executive Board may engage the services of a manager or managing agent for the purpose of administering and carrying out the purposes and intent of the Declaration; provided, however, the manager or managing agent shall not have authority to levy assessments or to take action which affects the title of a Member in and to such owner's Lot, or his interest in the common elements, which rights shall be reserved to the Board of Directors, subject to the vote of the Members of the Association as provided in the Articles or these By-Laws, the Declaration or the Act.

ARTICLE III OFFICERS

3.1 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.

3.2 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.

3.3 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.

3.4 President. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of the Members 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-stock corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Members 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, certify, and record amendments, attested by the Secretary, to the Declaration and these By-Laws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

3.5 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 required by the Executive Board or by the President.

3.6 Secretary. The Secretary shall keep the minutes of all meetings of the Members 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-stock corporation organized under the laws of the State of Colorado. The Secretary may attest to the execution by the President of amendments to the Declaration and the By-Laws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

3.7 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. The Treasurer 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-stock 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 determines. 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.

3.8 Agreements, Contracts, Deeds, Checks and Other Instruments. Except as otherwise provided in these By-Laws, all agreements, contracts, deeds, leases, checks and other instruments of the Association may be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

3.9 Compensation. An Officer may receive a fee from the Association, in an amount set by resolution of the Members, for acting as an Officer. An Officer may also receive reimbursement for necessary expenses actually incurred in connection with Association duties.

ARTICLE IV INDEMNIFICATION

4.1 Definitions. For purposes of this Article, the following terms will have the meanings set forth below:

(a) **Proceedings.** Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

(b) **Indemnified Party.** Any person who is or was a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was a Director or Officer of the Association or, while a Director or Officer of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

4.2 Indemnification. The Association will indemnify any Indemnified Party in any proceeding to the fullest extent permitted by law.

4.3 Insurance. By action of the Board, notwithstanding any interest of the Directors in such action, the Association may purchase and maintain insurance, in such amounts as the Board may deem appropriate, on behalf of any Indemnified Party against any liability asserted against him and incurred by him in his capacity of or arising out of his status as an Indemnified Party, whether or not the Association would have the power to indemnify him against such liability under applicable provisions of law.

4.4 Right to Impose Conditions to Indemnification. The Association will have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as to the Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following; (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any proceeding will be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association will have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association will be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's rights of recovery, and that the person to be indemnified will execute all writings and do everything necessary to assure such rights of subrogation to the Association.

ARTICLE V ENFORCEMENT

5.1 Abatement and Enjoinment of Violations by Members. The violation of any of the Rules and Regulations adopted by the Executive Board or the breach of any provision of the Declaration shall give the Executive

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Board the right after notice and hearing (except in case of an emergency) in addition to any other rights set forth in these By-Laws:

(a) To enter the Lot or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Member, any structure, thing or condition (except for additions or alterations of a permanent nature that may exist in that Lot) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Declaration. The Executive Board shall not be deemed liable for 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.

5.2 Fine for Violation. By resolution, following notice and hearing, the Executive Board may levy a fine of up to Twenty Five Dollars (\$25.00) per day for each day that a violation of the Declaration or Rules and Regulations persists after notice and hearing.

5.3 Notice and Hearing Procedures. If the Executive Board believes that a violation of the Declaration or of any Rule and Regulation has occurred and wishes to take action under Section 5.1 or to levy a fine under Section 5.2, the Executive Board shall provide the Owner involved with a written Statement of Violation which shall specify the alleged violation(s) and which shall set a date and time on which the matter will be heard by the Executive Board, at which time at least a quorum must be present.

5.3.1 The hearing date shall be no earlier than ten (10) days following the date on which the Statement of Violation is given to the involved Owner.

5.3.2 Such Owner shall have the right to appear at the hearing in writing or in person, to be represented by counsel if the Owner chooses, to present any relevant evidence and witnesses, and to cross-examine any witnesses testifying against such Owner.

5.3.3 Following the hearing, the Executive Board, acting by majority vote, shall determine if a violation or violations have occurred and based on such determination, the remedies to be invoked or fines to be levied. The Executive Board shall provide to the offending Owner written notice of the same, provided that the due date of any fine shall be no earlier than thirty (30) days after the giving of such notice.

ARTICLE VI RECORDS

6.1 Records. The Association shall keep the following records to the extent they are applicable:

(a) An account for each Lot, which shall designate the name and address of each Member, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, 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;

(b) An account for each Member showing any other fees payable by the Member;

(c) A record of any capital expenditures in excess of One Thousand Dollars (\$1,000.00) approved by the Executive Board for the current and next two (2) succeeding fiscal years;

(d) 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;

(e) The most recent regularly prepared balance sheet and income and expense statement of the Association;

(f) The current operating budget;

- (g) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;
- (h) All insurance policies then in force, in which the Owners, the Association, or its Directors or Officers are named as insured persons;
- (i) The original or a certified copy of the recorded Declaration, as amended, the Association's Articles of Incorporation, By-Laws, Minute Books, other books and records and any Rules and Regulations which may have been promulgated;
- (j) An inventory list of the Association's tangible personal property;
- (k) Copies of any plans and specifications used in the construction of the improvements in the common elements in the common interest community;
- (l) Employment contracts in which the Association is a contracting party;
- (m) Any service contract in which the Association is a contracting party or in which the Association or the Owners have any obligation to pay a fee to the persons performing the services;
- (n) A record of any alterations or improvements to Lots or Limited Common Elements which violate any provisions of the Declaration of which the Executive Board has actual knowledge;
- (o) 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 actual knowledge; and
- (p) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant.

6.2 Records Availability. All records maintained by the Association or a manager employed by the Association shall be available for examination and copying by any Member, any holder of a Security Interest in a Lot or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and upon fourteen (14) business days' notice to the Executive Board or Manager, if any, and upon payment of a reasonable fee, the amount of which shall be established from time to time by resolution of the Executive Board.

6.3 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 38-33.3-316 of the Act. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of this fee and the time of payment shall be established from time to time by resolution of the Executive Board. The Association may refuse to furnish statements of unpaid assessments until the fee is paid. Any unpaid fees may be assessed as a Common Expense against the Lot for which the statement is furnished.

ARTICLE VII GENERAL

7.1 Notices. All notices for the Association or the Executive Board shall be delivered to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Members and to all holders of Security Interests in the Lots who have notified the Association that they hold a Security Interest in a Lot. Except as otherwise provided, all notices to any Member shall be sent to the Member's address as it appears in the records of the Association. All notices to holders of Security Interests in the Lots shall be sent 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.

7.2 Registration of Mailing Address. If a Lot is owned by two (2) or more Owners, such co-owners will designate one (1) address as the registered address required by the Declaration and will designate the "Voting Member". An Owner or Owners will notify the Secretary of his or their (a) registered address within five (5) days after any transfer

of title or change of address, and (b) "Voting Member" within five (5) days after any transfer of title or to designation thereof. Such notice will be written and signed by all of the Owners to which it relates or by such persons authorized to sign on behalf of such Owners.

7.3 Notice to Association. Every Owner will timely notify the Association of the name and address of any Mortgagee, purchaser, transferee or lessee of his Lot. The Association will maintain such information at the office of the Association.

7.4 Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, every person becoming an Owner will immediately furnish to the Executive Board a photocopy or a certified copy of the recorded instrument vesting in that person such ownership, which instrument will remain in the files of the Association. A Member will not be deemed to be in good standing nor will he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

7.5 Right of Entry. The Manager and any person authorized by the Board will have the right to enter each Lot in case of any emergency (as defined in Section 5.1 above) originating in or threatening such Lot, whether or not the Owner or occupant is present at the time. Such authorized persons will also have the right to enter each Lot to perform maintenance and repair work as prescribed by these By-Laws and the Declaration.

7.6 Fiscal Year. The fiscal year of the Association will be determined by the Executive Board and will be subject to change by the Executive Board as necessary.

7.7 Number and Gender. Whenever used herein, unless the context will otherwise provide, the singular number will include the plural, the plural the singular, and the use of any gender will include all genders.

7.8 Definitions. The definitions in the Declaration, as amended from time to time, will apply to all defined terms used in these By-Laws unless otherwise expressly set forth to the contrary in these By-Laws.


7.9 Assent. The acquisition, rental or the occupancy of any Lot will constitute acquiescence to and acceptance of these By-Laws.

7.10 Waiver. No restriction, condition, obligation or provision contained in these By-Laws 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.

7.11 Amendment. These By-Laws may be amended only by the assent of at least sixty-seven percent (67%) of the Members. Notwithstanding the foregoing, no provisions of these By-Laws may be amended by a number of Owners which is less than the number of Owners required within that particular provision to take certain action. Amendments may be proposed by the Executive Board or by petition signed by the holders of at least a majority of the votes. A statement of any proposed amendment will accompany the notice of any regular or special meeting at which such proposed amendment will be voted upon. No amendment of these By-Laws shall be adopted which would affect or impair the validity or priority of any security interest encumbering any Lot, which would otherwise change the provisions of the By-Laws with respect to such security interests of record or in a manner inconsistent with the Articles, the Declaration or Colorado law.

ATTEST:

Certified to be the By-Laws adopted by the Deerfield Park Homeowners Association, dated February 17, 2004.


Robin Bustad, Secretary