

AS OF JAN, 20th 2014

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**BYLAWS
OF
PAINTED PASTURES OWNERS ASSOCIATION**

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BYLAWS
OF
PAINTED PASTURES OWNERS ASSOCIATION**

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BYLAWS
OF
PAINTED PASTURES OWNERS ASSOCIATION

ARTICLE I - OFFICES

The initial principal office of the corporation shall be located at 820 Castle Valley Boulevard, Suite 108, New Castle, Colorado 81647. The corporation may have such other offices either within the State of Colorado as the Executive Board may designate, or as the business of the corporation may require.

ARTICLE II - RECITALS

Section 2.1 Purpose. The purpose of this non-profit corporation is to govern the following described property situated in the Town of Silt, County of Garfield, State of Colorado, in accordance with the Declaration of Covenants, Conditions and Restrictions for Painted Pastures Subdivision, as amended and/or restated from time to time:

All lots and tracts of real property depicted on the Final Plat of The Painted Pastures Subdivision, Town of Silt, Colorado, recorded as Reception No. 748623, on May 15, 2008, in the records of the Clerk and Recorder of Garfield County, Colorado, except and excluding Tract 4000.

(the "Property").

Section 2.2 No "Common Interest Community". There is no real estate within the Development or described in this Declaration with respect to which any owner of an interest therein is obligated to pay for real estate taxes, insurance premiums, maintenance or improvement of any other real estate. There are no common elements. The Development is not a "Common Interest Community" within the meaning of the Common Interest Ownership Act, CRS § 38-33.3-108, et seq., and is not submitted to the provisions of that Act.

Section 2.3 Application. All present and future owners, tenants and persons using land, lot or improvements within the Development, are subject to the provisions set forth in these Bylaws. The mere acquisition or rental of any Lot or Unit in the Development or the mere act of occupancy of the same or any portion thereof shall signify that these Bylaws are accepted, ratified and will be complied with.

ARTICLE III - DEFINITIONS

Section 3.1 Association. "Association" means and refers to Painted Pastures Owners Association, a Colorado non-profit corporation.

Section 3.2 Common Expenses. "Common expenses" means and includes actual expenditures made and liabilities incurred by the Association, estimated expenses of operating the Association and reasonable reserves deemed necessary by the Executive Board.

Section 3.3 Design Review Committee. "Design Review Committee" means and refers to the Painted Pastures Design Review Committee established pursuant to the Declaration.

Section 3.4 Executive Board. "Executive Board" means the Board of Directors of the Association.

Section 3.5 Lot. "Lot" means and includes any of the lots created and designated as a lot on the Final Plat of The Painted Pastures Subdivision, including the single-family lots designated Lots 1 through 107 and the multi-family lots designated MF Lots 1001 through 1006.

Section 3.6 Mortgage. "Mortgage" means and refers to any mortgage, deed of trust or other security instrument by which a Lot, Unit, or a part thereof is encumbered.

Section 3.7 Mortgagee. "Mortgagee" means and refers to any person or entity named as a mortgagee or beneficiary under any deed of trust or mortgage under which the interest of any Owner is encumbered.

Section 3.8 Owner. "Owner" (sometimes referred to as "lot owner" or "unit owner") means and refers to any person or entity, including the Declarant, at any time owning a Lot or a Unit.

Section 3.9 The Declaration. The "Declaration" means and refers to the Declaration of Covenants, Conditions and Restrictions for the Painted Pastures Subdivision, as amended and/or restated from time to time.

Section 3.10 The Declarant. The "Declarant" is Raley Ranch Project, LLC, 8191 East Kaiser Boulevard, Anaheim, California 92808-2214, a Colorado limited liability company, duly organized and existing under and by virtue of the laws of the State of Colorado.

Section 3.11 The Plat. The "Plat" (sometimes referred to as the "Final Plat") means the Final Plat of The Painted Pastures Subdivision recorded May 15, 2008, as Reception No. 748623 of the Garfield County, Colorado records.

Section 3.12 The Period of Declarant Control. The "Period of Declarant Control" means and refers to that period of time during which the Declarant reserves the right to control the Association, including the right to appoint and remove officers and members of the Executive Board and members of the Design Review Committee.

Section 3.13 The PPDRC. "PPDRC" means and refers to the Design Review Committee established pursuant to the Declaration.

Section 3.14 Unit. "Unit" means and includes any individual dwelling unit such as a condominium or townhome, created through the division of a multi-family lot into separate fee simple interests. The term does not include dwelling units attributable to a multi-family lot which have not been divided into separate fee simple interests.

ARTICLE IV - MEMBERSHIP: PERIOD OF DECLARANT CONTROL, VOTING, QUORUM, PROXIES

Section 4.1 Membership. Every Owner shall be entitled and required to be a member of the Association. An Owner shall be entitled to one (1) membership for each Lot or Unit owned. Each membership shall be appurtenant to and inseparable from the Lot or Unit upon which it is based and shall be transferred automatically by

the transfer, in whatsoever form, of that Lot or that Unit. Ownership of a Lot or Unit shall be the sole qualification for membership. No person or entity other than an Owner of a Lot or Unit may be a member of the Association.

Section 4.2 Period of Declarant Control. Notwithstanding anything herein contained to the contrary, the Executive Board, and all members thereof, shall be appointees and subject to removal, at any time and from time to time, by the Declarant, in its sole and absolute discretion, until all multi-family lots and eighty-five percent (85%) of all single-family lots are owned by parties other than the Declarant. THE PROVISIONS OF THIS SECTION SHALL SUPERCEDE AND CONTROL ANY INCONSISTENT AND CONFLICTING PROVISIONS CONTAINED HEREIN.

Section 4.3 Voluntary Surrender. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board and members of the Design Review Committee before termination of the Period of Declarant Control set forth above. In that event, the Declarant may require for the duration of the Period of Declarant Control, that specified actions of the Association or Executive Board, be approved by the Declarant, in writing, before becoming effective.

Section 4.4 Association's Records. Within sixty (60) days after termination of Declarant's control and the election of a new Executive Board by the members, the Declarant shall deliver to the Association all records and property of the Association held or controlled by the Declarant.

Section 4.5 Voting. Each multi-family lot which remains in its undivided form, each single-family lot and each Unit hereafter created shall be entitled to one (1) vote. Owners of multiple Lots or Units shall have the right to cast the aggregate number of votes that the Lots and/or Units which they own represent. If any Lot or Unit is owned by multiple parties, all such parties shall be members of the Association; provided, however, that the vote to which such Lot and/or Unit is entitled shall be exercised as the several Owners among themselves shall determine, but in no event shall more than one (1) vote be cast with respect to any one (1) Lot or any one (1) Unit. Cumulative voting shall not be permitted.

Section 4.6 Resolution of Voting Disputes. In the event of any dispute as to the entitlement of any member to vote or as to the results of any vote of members, the Executive Board of the Association shall act as arbitrators and the decision of a disinterested majority of the Board shall, when rendered in writing, be final and binding.

Section 4.7 Cumulative Voting. Cumulative voting shall not be permitted in the election of the Executive Board or for any other purpose.

Section 4.8 Quorum. Except as may be otherwise provided in the Declaration or these Bylaws, and except as hereinafter provided with respect to the calling of another meeting, the presence, in person or by proxy of members entitled to cast at least twenty percent (20%) of the votes of all members entitled to vote shall constitute a quorum at any meeting of such members. Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of members so as to leave less than a quorum. If the required quorum is not present in person or by proxy at any such meeting of members, another meeting may be called, subject to the notice requirements herein specified, and the presence, in person or by proxy, of members entitled to cast at least ten percent (10%) of the votes of all members, shall, except as may be otherwise provided in the Declaration or these Bylaws, constitute a quorum at such meeting.

Section 4.9 Adjournment of Members' Meetings. Members present in person or by proxy at any meeting may adjourn the meeting from time to time, whether or not a quorum shall be present in person or by proxy, without notice other than announcement at the meeting, for a total period or periods of not to exceed thirty (30) days after the date set for the original meeting. At any adjourned meeting which is held without notice other than announcement at the meeting, the quorum requirement shall not be reduced or changed, but if the originally required quorum is present in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally called.

Section 4.10 Vote Required at Members' Meetings. At any meeting, if a quorum is present, a majority of the votes present, in person or by proxy and entitled to be cast on a matter, shall be necessary for the adoption of the matter,

unless a greater proportion is required by law, the Declaration, the Articles of Incorporation or these Bylaws.

Section 4.11 Proxies. A member entitled to vote may vote in person or by proxy executed in writing by the member or his duly authorized attorney-in-fact and filed with the Secretary of the meeting prior to the time the proxy is exercised. Any proxy may be revoked by attendance of the member in person at a meeting or by revocation in writing filed with the Secretary of the meeting prior to the time the proxy is exercised. A proxy shall automatically cease upon the member's conveyance of his Lot or Unit and transfer on the books of the Association of the membership attributable to such Lot or Unit.

Section 4.12 Required Proxies. If title to a Lot or Unit is held by more than one (1) person or by a firm, corporation, partnership, association or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one (1) person or alternate persons to attend all annual and special meetings of members and thereat to cast whatever vote the Owner himself might cast if he were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended, or sooner terminated by operation of law; provided, however, that within thirty (30) days after such revocation, amendment or termination, the Owner shall reappoint and authorize one (1) person or alternate persons to attend all annual and special meetings as is provided by this paragraph.

ARTICLE V - MEMBERSHIP MEETINGS

Section 5.1 Annual Meetings. Meetings of the Association shall be held at such place as the Executive Board may determine. The annual meeting of the members shall be held at 7 o'clock p.m. on the second Tuesday in the month of September in each year for purposes of electing an Executive Board and to transact such other business of the Association as may properly come before the meeting.

Section 5.2 Special Meetings. The President shall call a special meeting of the Owners when so directed by resolution of the Executive Board or upon presentation to the Secretary of a petition signed by Owners representing at least twenty percent (20%) of the voting rights. No business shall be transacted at a special meeting, except as stated in the notice.

Section 5.3 Notice of Meetings. Written notice stating the place, day and hour of any meeting shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary of the Association or the officers or persons calling the meeting, to each member entitled to vote at such meeting. The notice of an annual meeting shall identify any matter which it is known may come before the meeting including, but not limited to, the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or member of the Executive Board. The notice of a special meeting shall state the purpose or purposes for which the meeting is called. 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 records of the Association, with postage thereon prepaid. Waiver of notice, either in person or by proxy, and signed either before, at or after any meeting, shall be a valid substitute for service. The certificate of the President or Secretary that notice was duly given shall be prima facie evidence thereof.

Section 5.4 Order of Business. The order of business at all meetings of the members shall be as follows:

- (a) Roll call (to determine the votes represented at the meeting);
- (b) Proof of notice of meeting or waiver of service;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers (when applicable);
- (e) Reports of committees (when applicable);
- (f) Election of a Board of Managers (when proper and required under these Bylaws); and
- (g) New business.

ARTICLE VI - EXECUTIVE BOARD

Section 6.1 Number and Qualifications. The affairs of this Association shall be governed by an Executive Board composed of not less than three, nor more than five, persons. Initially, the Board shall consist of three members. The persons elected to the initial Executive Board shall act in such capacity, and shall manage the affairs of the Association until the first annual meeting and until their successors are elected.

Section 6.2 Powers and Duties. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association and to carry out the obligations of the Association indicated in the Declaration. The Executive Board (the "Board") shall have the duty to manage the affairs of the Association and have all powers necessary to do so, including all powers, rights and authority of the Association not reserved to the members, as provided in the Declaration, the Articles of Incorporation, these Bylaws, or the Colorado Nonprofit Corporation Act. The powers and duties of the Executive Board include without limitation the following:

- (a) To administer and enforce the covenants, conditions, restrictions, obligations and other provisions set forth in the Declaration;
- (b) To establish, promulgate and enforce compliance with such reasonable rules and regulations as may be deemed necessary or desirable to regulate the use and activities upon the Property in a manner consistent with the zoning and the Declaration, with the right to amend the same from time to time;
- (c) To propose budgets for the Development;
- (d) To insure and keep in force such insurance as is required by the Declaration and as may otherwise be deemed appropriate, proper or in the interest of its members;
- (e) To fix, determine, levy and collect the assessments for common expenses to be paid by the Owners;
- (f) To levy and collect special assessments for common expenses whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating expenses or costs, or because of emergencies;
- (g) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration or these Bylaws;

- (h) To defend the Association from loss or damage by suit or otherwise;
- (i) To borrow funds, but only when so authorized, by majority vote of the members present in person or by proxy at a meeting duly called for such purpose and to execute all such instruments evidencing such indebtedness;
- (j) To enter into contracts within the scope of their duties and powers;
- (k) To establish one or more bank accounts for the common treasury and for all separate funds which are required or may be deemed advisable;
- (l) To keep and maintain full and accurate books and records showing all of the receipts, expenses of disbursement and to permit examination thereof by any of the Owners and any mortgagee of a Lot or Unit upon reasonable advance notice and at a mutually convenient time;
- (m) To prepare and deliver annually to each Owner a statement showing, in at least summary form, all receipts, expenses or disbursements since the last such statement;
- (n) To meet at least semi-annually and more often as needed;
- (o) To carry on the administration of this Association and to generally do all things necessary and reasonable in order to effectuate the functions of the Association as addressed in the Declaration;
- (p) To exercise any other powers conferred by the Declaration or the Articles of Incorporation;
- (q) To exercise all other powers that may be exercised in this state by legal entities of the same type as the Association; and
- (r) To exercise any other powers necessary and proper for the governance and operation of the Association.

Section 6.3 Management Agent. The Executive Board may employ for the Association a Management Agent, at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed above. Any management agreement shall be subject to all restrictions set forth in the Declaration.

Section 6.4 Election and Term of Office. At each annual meeting, a Board shall be elected for a term of one (1) year, and they shall serve until their successors have been elected and hold their first meeting.

Section 6.5 Vacancies. Vacancies in the Board, by any reason other than the removal by a vote of the members (Owners), shall be filled by vote of the majority of the remaining members of the Board, even though they may constitute less than a quorum; and each person so elected shall be a member of the Board of Managers until a successor is elected at the next annual meeting of the Association.

Section 6.6 Removal of Members of the Executive Board. At any regular meeting or at any special meeting called for that purpose, any one or more members of the Board may be removed with or without cause, by a majority vote of the total authorized votes of the membership, and a successor then and there may be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed by the Owners, shall be given an opportunity to be heard at the meeting.

Section 6.7 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the members of the Board, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each member of the Board, personally or by mail, telephone or fax, at least three (3) days prior to the day named for such meeting.

Section 6.8 Special Meetings. Special meetings of the Board may be called by the President on three (3) days' notice to each member of the Board, given personally, or by mail, telephone or fax, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) members of the Board.

Section 6.9 Waiver of Notice. Before, at or after any meeting of the Board, any member of the Board may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by the members of the Board at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the members of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6.10 Quorum. At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business, and the acts of the majority of the members of the Board present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice.

Section 6.11 Immunity. To the full extent permitted by law, no member of the Board and no officer shall be liable for actions taken or omissions made in the performance of such Board member's duties, except for wanton and willful acts or omissions.

Section 6.12 Powers Restricted. The Board may not act on behalf of the Association to amend or terminate the Declaration or to elect members of the Executive Board or determine the qualifications, powers, duties, or terms of office of Executive Board members, but the Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE VII - OPEN MEETINGS AND EXECUTIVE SESSIONS

Section 7.1 Open Meetings. All regular and special meetings of the Association's Executive Board, or any committee thereof, shall be open to attendance by all members of the Association or their representatives.

Section 7.2 Closed Sessions. The members of the Executive Board or any committee thereof may hold an executive or closed door session and may restrict attendance to Executive Board members and such other persons requested by the Executive Board during a regular or specially announced meeting or a part thereof.

Section 7.3 Topics Limited. Matters for discussion by an executive or closed session are limited to:

- (a) Matters pertaining to employees of the Association or involving the employment, promotion, discipline or dismissal of an officer, agent, or employee of the Association;
- (b) Consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) Investigation proceedings concerning possible or actual criminal misconduct;
- (d) Matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and
- (e) Any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

Section 7.4 Announcement Required. Prior to the time the members of the Executive Board or any committee thereof convene in executive session, the chair of the body shall announce the general matter of discussion. The topic of discussion so identified must fall within one or more of the topics enumerated above.

Section 7.5 Other Limitations. No rule or regulation shall be adopted during an executive session. A rule or regulation may be validly adopted only during a regular or special meeting or after the body goes back into regular session following an executive session.

Section 7.6 Minutes. The minutes of all meetings at which an executive session was held shall indicate that an executive session was held, and the general subject matter of the executive session.

ARTICLE VIII - OFFICERS

Section 8.1 Designation. The officers of the Association shall be a President, a Vice- President, a Secretary and a Treasurer, all of whom shall be elected by and from the Executive Board.

Section 8.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the initial meeting of each new Board. The officers shall hold office at the pleasure of the Board. One person may hold concurrently any two (2) offices, except that the person holding the office of President shall not concurrently hold the office of Secretary.

Section 8.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Executive Board, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

Section 8.4 President. The President shall be the chief executive officer of the Association. He shall act as chairman and preside (or appoint another Board member to preside) at all meetings of the Association and the Board. He shall have all of the general powers and duties which are usually vested in the office of President of an Association, including, but not limited to the power to appoint committees from among the Owners to assist in the conduct of the affairs of the Association.

Section 8.5 Vice President. The Vice-President shall have all the powers and authority and perform all of the functions and duties of the President, in the absence of the President or upon the President's inability, for any reason, to exercise such powers and functions or perform such duties.

Section 8.6 Secretary. The Secretary shall keep the minutes of meetings of the Executive Board and minutes of the meetings of the Association. He shall have charge of such books and papers as the Board may direct. He shall, in general, perform all the duties incident to the office of the Secretary. The Secretary shall compile and keep current and maintain at the principal office of the Association, a complete list of members and their registered mailing addresses. Such list shall also show, opposite each member's name, the appropriate designation of the Lot or Unit

owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

Section 8.7 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board.

ARTICLE IX - INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

The Association shall indemnify every member of the Executive Board and officer of the Association, against all loss, costs and expenses, including attorney fees reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a member of the Board or officer of the Association, except as to matters to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only for those matters determined by the Board not to be the product of gross negligence or willful misconduct on the part of the Board member or officer to be indemnified. The Board member or members to be indemnified shall not take part in the decision to indemnify. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as a common expense. The Association shall maintain insurance for purposes of this paragraph, as more particularly provided below. Nothing contained in this paragraph shall be deemed to obligate the Association to indemnify any member or Owner of a Lot or Unit, who is or has been a Board member or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as an Owner of a Lot or Unit.

ARTICLE X - BUDGETS

Section 10.1 Executive Board to Propose Budgets. It shall be the duty of the Executive Board to formulate and propose a budget of expenses, not less than annually.

Section 10.2 Membership Approval. Within thirty (30) days after adoption of any proposed budget for the Property, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the members and shall set a date for a meeting of the members to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting members representing a majority of all Lots and Units reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the members shall be continued and deemed effective for the ensuing period until such time as the members ratify a subsequent budget proposed by the Board.

ARTICLE XI - ASSESSMENTS

Section 11.1. Assessments. The Association shall have the right to levy and make assessments, in accordance with the Declaration and these Bylaws, for the following purposes:

- (a) To promote the recreation, health, safety, and welfare of the Owners, tenants and occupants of the Property;
- (b) To pay taxes and special assessments levied against any personal property of the Association;
- (c) To provide snow removal services within the Development on a cooperative basis, if deemed desirable;
- (d) To enforce and administer the covenants, conditions and restrictions herein contained and to observe and perform the functions contemplated, required or permitted under the Declaration;

- (e) To pay expenses associated with the maintenance of architectural integrity and design control within the Development, including the expense required to maintain and compensate the Design Review Committee;
- (f) To pay expenses associated with coordinating community events and providing information to the members and occupants of the Development, through advertising, news letters and brochures;
- (g) To sponsor or advance community interest programs or events;
- (h) To perform or provide other proper functions in the nature of community services;
- (i) To pay costs associated with community cleanup and improvement activities or similar projects;
- (j) To provide and maintain appropriate signage identifying the Development;
- (k) To pay wages for Association employees, Association management expenses, legal and accounting fees;
- (l) To pay any deficit remaining from any previous assessment period;
- (m) To create a reasonable contingency reserve, surplus and/or sinking fund;
- (n) To pay any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of the Déclaration, its Articles of Incorporation, these Bylaws, or as otherwise permitted by law.

Section 11.2 Periodic Assessments. Until the Association makes a Common Expense Assessment, the Declarant shall pay all common expenses. After any assessment has been made by the Association, assessments shall thereafter be made

no less frequently than annually and shall be based on a budget adopted by the Association no less frequently than annually.

Section 11.3 Equality of Assessments for Common Expenses. Each multi-family lot that remains in its undivided form, each single-family lot (improved) and each Unit hereafter created shall bear an equal proportionate share of any assessment for Common Expenses, including reserves.

Section 11.4 Payment of Assessments. Each Owner of an improved Lot is liable for assessments made against such Owner's Lot(s) or Unit(s) during the period of his ownership of any such Lot(s) and/or Unit(s). No Owner may be exempt from liability for payment of assessments by abandonment of the Lot or Unit against which the assessments are made. Each Owner shall pay to the Association, in accordance with its Bylaws, such assessments as may be periodically made by the Association, without counterclaim, deduction or set off.

Section 11.5 Added Charges. The Association may impose charges for late payment of assessments, recover reasonable attorney's fees and other costs of collection and levy fines for violations of the Declaration, the Bylaws or the Rules and Regulations of the Association. All such charges shall be enforceable as assessments. Any past due Common Expense Assessment or installment shall bear interest at the rate established by the Association, but not less than twelve percent (12%) per annum nor more than twenty-one percent (21%) per annum.

Section 11.6 Collection of Assessments. Assessments shall be due and payable after the date the same are levied within such reasonable time period as the Association may specify. If not paid within that time, the same shall be considered delinquent. All delinquent assessments shall bear interest at the rate established by the Association from time to time, but in no event less than twelve percent (12%) per annum. The Association may further assess a late charge for each month the delinquency continues. The Association shall have the right to bring an action at law against the Owner personally obligated to pay any delinquent assessment. In addition, the Association may record in the office of the Clerk and Recorder of Garfield County, Colorado, a Statement of Lien setting forth the name of the Owner, the legal description of the Lot or the Unit, the name of the Association, and the amount of the delinquent assessment, which Statement shall be signed and acknowledged by an executive officer of the Association, and served upon the

Owner of the Lot or Unit by ordinary mail, mailed to the address of the Lot or Unit, or to such other address the Association may have in its records for the Owner of the Lot or Unit. Upon the expiration of not less than ten (10) days after the mailing of such notice, the Association may proceed to foreclose the Statement of Lien in the same manner as provided for the foreclosure of mortgages on real property. The Association shall be entitled to recover as a part in any action (whether a foreclosure action or a personal action) the full amount of all delinquent assessments, together with interest, late charges, costs, and expenses of suit, including without limitation, its reasonable attorney's fees incurred.

Section 11.7 Assessment Liens. All sums assessed to any Lot or Unit by the Association shall be secured by a lien on such Lot or Unit in favor of the Association. Such lien shall be subordinate to any valid tax and special assessment lien on the Lot or Unit in favor of any governmental assessing authority, but shall be superior to all other liens and encumbrances on such Lot or Unit. No Owner may exempt himself or his Lot or Unit from liability for any assessment or assessment lien by waiving any benefits or by abandonment of his Lot or Unit. A transfer (by whatever method) of any Lot or Unit shall not affect the assessment lien. The sale or transfer of a Lot or Unit shall not relieve any former Owner of personal liability therefore, and the party acquiring such Lot or Unit, i.e., the new Owner, shall be deemed to have personally assumed such liability.

Section 11.8 Assessment Certificates. Upon request, the Association shall provide any Owner, prospective purchaser, mortgagee or prospective mortgagee, of any Lot or Unit in the Development a certificate in writing signed by an officer of the Association setting forth the amount of any assessments, interest or late charges due in connection with any specified Lot or Unit. A reasonable charge may be made by the Association for the issuance of such certificates.

Section 11.9 Notice of Assessment Liens. The Association shall furnish to a lot or unit owner or his designee, or to a holder of security interest, mortgage or deed of trust or its designees, upon written request delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot or Unit. This statement shall be furnished within fourteen (14) days after receipt of the request and is binding on the Association, the Executive Board and every Owner. If no

statement is furnished to the inquiring party within said fourteen (14) day period, by any means whatsoever, then the Association shall have no right to assert a lien upon the Lot or Unit for unpaid assessments which were due as of the date of the request.

ARTICLE XII - RULES AND REGULATIONS

Section 12.1 Promulgation of Rules and Regulations. The Executive Board is expressly empowered to adopt and promulgate such Rules and Regulations as it may from time to time deem necessary or desirable to regulate the use and activities upon the Property in a manner consistent with the zoning and the purposes of the Declaration and may impose appropriate penalties and fines for the violation of the same. All such Rules and Regulations shall be applied uniformly in a non-discriminatory manner. The Executive Board may establish and enforce penalties and fines for the infraction of any rule or regulation, which fines shall be collectable as assessments in the manner provided above.

Section 12.2 Members and Occupants to Comply. Each Owner and every person occupying or in possession of any Lot or Unit, improvement or portion thereof, shall comply strictly with the provisions of the Declaration and any Rules and Regulations promulgated by the Association. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Association was established. Each Owner shall see that any tenant or other person occupying his Lot, Unit or building or any part thereof, is supplied with a copy of the Rules and Regulations and a copy of the Declaration and require that each such tenant comply therewith. Every lease or rental agreement in respect to any Lot, Unit, building or part thereof, within the Development shall require the tenant to comply with the Rules and Regulations of the Association and the Declaration.

ARTICLE XIII - INSURANCE

Section 13.1 Association to Maintain Insurance. Commencing not later than the time of the first conveyance of a Lot or Unit to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, the kinds and types of insurance specified in this Article.

Section 13.2 Liability Coverage. The Association shall keep and maintain commercial general liability insurance against claims and liabilities arising in connection with the operation and management of the business and affairs of the Association, as deemed sufficient in the judgment of the Executive Board, but in no event, less than \$1,000,000 per occurrence and \$2,000,000 aggregate, insuring the Executive Board, the Association, the management agent, if any, and their respective employees and agents.

Section 13.3 Fidelity Bonds and Insurance. The Association shall obtain adequate fidelity bonds or insurance coverage to protect against dishonest acts of all Executive Board members, officers, employees and managers of the Association handling or responsible for Association funds. Fidelity insurance coverage shall not be less than the aggregate amount of one (1) year's current assessments for the entire Development, plus reserves as calculated from the current budget of the Association, or \$50,000, whichever is greater. The Association may carry fidelity insurance in a greater amount.

Section 13.4 Officers and Directors. The Association shall keep and maintain Officers and Directors errors and omissions and personal liability coverage, with limits not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, to protect the officers and directors from personal liability in relation to or arising out of their duties on behalf of the Association.

Section 13.5 Worker's Compensation and Employer's Liability Insurance. The Association shall obtain worker's compensation and employer's liability insurance and all other similar insurance with respect to its employees in such amounts and form as may now or hereafter be required by law.

Section 13.6 Other Insurance. The Association may also obtain insurance coverage against any such other risks of a similar or dissimilar nature, as deemed appropriate.

Section 13.7 Insurance Expense. The cost of all insurance which the Association is required or permitted to maintain, shall be assessed to the lot and unit owners as a common expense.

ARTICLE XIV - MISCELLANEOUS

Section 14.1 Amendments. These Bylaws may be amended by, and only by, the Declarant during the Period of Declarant Control. Thereafter, the Bylaws may be amended by the Association members at a duly constituted meeting for such purpose. No amendment shall take effect unless approved by Owners representing a majority of the total votes present or represented by proxy at such meeting, or such greater number as may be required by the Declaration, in respect to any specific matter. The notice of such meeting shall contain a summary of the proposed changes or a copy of such proposed changes.

Section 14.2 Proof of Ownership. Any person, on becoming an Owner of a Lot or Unit, shall furnish to the Executive Board a photocopy of the recorded instrument vesting that person with an interest or ownership, which instrument shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of members unless this requirement is first met.

Section 14.3 Registration of Mailing Address. The Owner(s) of each Lot or Unit shall have one registered mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications, and such registered address shall be the only mailing address used by the Association. Such registered address shall be furnished by each lot or unit owner to the Secretary within five (5) days after transfer of title. Such registration shall be in written form and signed by all of the Owners of the Lot or Unit or by such persons as are authorized by law to represent the interests of such Owners. If no such address is registered or if all of the Owners cannot agree, then the address of the Lot or Unit shall be the registered address until another registered address is furnished as permitted under this Article. Registered addresses may be changed from time to time by similar designation.

Section 14.4 Architectural Control. Once the Declarant voluntarily relinquishes the right to appoint the members of the Painted Pastures Subdivision Design Review Committee ("PPDRC"), the Executive Board shall thereafter appoint the members of the PPDRC.

Section 14.5 Bylaws Shall Comply With Law. These Bylaws are intended to comply with the requirements of the Colorado Non-Profit Corporation Act. If

any of these Bylaws should, at any time, conflict with the provisions of such Act in any manner not permitted, the provisions of the Act shall control.

Section 14.6 Non-Profit Purpose. This Association is not organized for profit. No member, member of the Executive Board, or officer of the Association shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or inure to the benefit of any member of the Executive Board; provided, however: (1) reasonable compensation may be paid to any director, officer or member while acting as an agent or employee of the Association, for services rendered in effecting one or more of the purposes of the Association; and (2) any director, officer or member may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association; and (3) any member of the Executive Board (director) may be compensated for attendance at regular or special meetings of the Executive Board.

Section 14.7 Corporate Seal. The Corporate Seal of this non-profit corporation shall be circular in form and shall contain the name of the corporation and the words "Seal, Colorado."

THE UNDERSIGNED, Secretary of Painted Pastures Owners Association, a Colorado corporation not for profit, does hereby certify that the above and foregoing Bylaws were duly adopted by Declarant as the Bylaws of the corporation as of 2/27/09, and that the same do now constitute the Bylaws of the corporation.



Dennis Stahl, Secretary