

AMENDED AND RESTATED BYLAWS

OF

SUMMIT VISTA HOMEOWNERS ASSOCIATION

ARTICLE I

OFFICES

1. Principal Office. The principal office of the Association in the State of Colorado shall be located at the physical address of the current President of the Board of Managers of the Association , with a mailing address of P.O. Box 2682, Basalt, Colorado, 81621. The Association may have such other office, within the State of Colorado as the Board of Managers may designate or as the business of the Association may from time to time require.

ARTICLE II

MEMBERSHIP

1. Qualifications. Membership in the Association shall be in compliance with the Covenants, Conditions and Restrictions for Summit Vista Subdivision dated the 22nd day of August, 1984, and filed for record in the office of the Clerk and Recorder of Eagle County on the 21st day of September, 1984, in Book 395 at Page 308, and as amended by the First Amendment to the Covenants, Conditions and Restrictions of Summit Vista dated the 11th day of April, 1985, in Book 410 at Page 984, as Reception No. 307263, hereinafter referred to as “Covenants”.

2. Transfer of Membership. A membership in the Association and the share of a member in the assets of the Association shall not be assigned, encumbered, or transferred in any manner except as an appurtenance to transfer of title to the property to which the membership pertains. A transfer of membership shall occur automatically upon the transfer of title to the property to which the membership pertains, but the Association shall be entitled to treat the person or persons in whose name or names the membership is recorded on the books and records of the Association as the owner of co-owners of the membership for all purposes until such time as a certified copy of the instrument of conveyance filed for record in office of the Clerk and Recorder of Eagle County, Colorado, has been submitted to the Secretary. A transfer of membership shall not release the transferor from liability for obligations accrued incident to such membership prior to such transfer. In the event of dispute as to ownership appurtenant thereto, title to the property as shown in the records of the Clerk and Recorder of Eagle County, Colorado, shall be determinative.

3. Voting of Members. The number of votes to which each member is entitled shall be one vote for each property owned. Where there are co-owners of a property each co-owner shall be deemed to have a fractional portion of the votes for the membership appurtenant to that property proportionate to his interest in the fee title thereto; but any one of such co-owner voting, present or represented by proxy, shall be accepted automatically by the Association as the agent and attorney-in-fact for other co-owners not present or represented by proxy for the purpose of casting the vote of that member. The Association may suspend the voting rights of a member for failure to comply with these Bylaws, the rules and regulations of the Association, or any other obligations or duties required of the owners of a property in accordance with the Covenants.

4. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours prior to the commencement of the meeting of Members at which such proxy is sought to be utilized. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his lot and shall also cease upon attendance in person by the Member who previously gave a proxy. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless otherwise specifically provided in the proxy. A proxy shall not be valid if obtained through fraud or misrepresentation. If a lot has multiple owners and more than one of the multiple owners are present to vote, the votes allocated to that lot may be cast only in accordance with the agreement of a majority in interest of the owners. There is a majority agreement if any one of the multiple owners casts the votes allocated to that lot without protest being made promptly to the person presiding over the meeting by any of the other owners of the lot.

5. Right to Revoke. 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 signature on it or about the signatory's authority to sign for the owner. 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.

6. Open Meetings. Notwithstanding any provision in the Covenants, Conditions and Restrictions of the Association, Bylaws, or other documents to the contrary, all meetings (regular and special) of the Association and Board of Managers are open to every owner of the Association, or to any person designated by an owner in writing as the owner's representative. Before the Board votes on an issue under discussion, owners or their designated representatives shall be permitted to speak regarding that issue.

7. Annual Meeting. The Annual Meeting shall be held once every fiscal year on a date and time as specified by the Board of Managers. The President shall preside over all meetings and is responsible for running the meeting according to agenda.

8. Special Meetings. Special Meetings of the Members may be called at any time by the President or by a majority of the Board or upon written request of Members who are entitled to vote twenty percent (20%) of all the votes of the Association.

9. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days before such meeting to each Member entitled to vote, addressed to the Member's mailing address. Such notice shall specify the place, day and hour of the meeting and the items on the agenda. In the case of a special meeting, the purpose of the meeting shall be specified. For the purpose of issuing such notices, the Board may establish a record date for determination of membership in accordance with the laws of Colorado.

10. Waiver of Notice. Written waiver of notice signed by a Member or attendance at a meeting by a Member shall constitute a waiver of notice of such meeting, except where attendance is for the express purpose of objecting to the failure to receive such notice or to defects in the notice.

11. Quorum. The presence at the meeting of Members entitled to cast, or of Members holding proxies and entitled to cast, twenty percent (20%) of the votes of Members shall constitute a quorum for any action.

12. Adjournment of Meetings. If a quorum is not present or represented at any meeting, the Members entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting until a quorum shall be present or be represented.

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

- A. Roll call
- B. Proof of notice of meeting
- C. Reading of minutes of preceding meeting
- D. Reports of officers
- E. Reports of Board of Managers
- F. Reports of committees
- G. Elections, if required
- H. Unfinished Business
- I. New business

14. Majority Vote. At any meeting of Members at which a quorum is present, the affirmative vote of Members representing one (1) vote more than fifty percent (50%) of the votes present in person or by proxy and entitled to be voted shall be the act of the Members.

15. Action of Members Without a Meeting. Any action required to be taken, or any action which may be taken at a meeting of the members of the Association, may be taken without a meeting if consent in writing, setting forth the actions so taken, shall be signed by all of the members entitled to vote. However, the Board of Managers may by appropriate resolution decide that voting of the members shall be by mail with respect to any particular matter properly to be considered by the members of the Association. Such vote by mail shall be subject to the quorum requirement for a meeting and not the requirement of unanimous consent. The Board of Managers shall adopt appropriate procedures to effectuate voting of the members by mail. However, appropriate ballots shall be mailed to those members entitled to vote in compliance with Paragraph 3 of this Article II not less than 14 days prior to the date by which the votes must be received at the address specified in the ballot. Votes received after such date shall not be effective.

16. Time Restrictions on Speakers. The Board may place the reasonable time restriction of five (5) minutes on those persons speaking during the meeting but shall permit an owner or an owner's designated representative to speak before the Board takes formal action on an item under discussion.

17. Secret Ballot. At the discretion of the Board or upon the request of twenty percent (20%) of the owners present at the meeting or represented by proxy, a vote on any matter affecting the Association on which all other owners are entitled to vote shall be by a 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 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 a contested election for a Board position, shall not be candidates.

ARTICLE III

BOARD OF MANAGERS

1. Number and Qualification. The business and affairs of the Association shall be governed by a Board of Managers consisting of five members elected for one-year terms at the annual meeting of the members of the Association. Members of the Board of Managers shall be members of the Association.

2. Powers and Duties. The Board of Managers shall be vested with management of the affairs of the Association. The Board of Managers shall have the powers and

duties necessary for administration of such affairs, except such powers are hereby limited according to the laws of the State of Colorado, the Covenants, or by these Bylaws to the extent that such powers may not be delegated to the Board of Managers by the members of the Association. The duties to be performed by the Board of Managers shall include, but shall not be limited to, the following:

- A. Operation, care, upkeep and maintenance of the common areas;
- B. Preparation of a budget and collection of assessments from the property owners;
- C. Employment and dismissal of personnel, as necessary for efficient maintenance and operation of the Association;
- D. Adoption and amendment of rules and regulations covering the operation and use of property;
- E. Opening of bank accounts on behalf of the Association and designating the signatories required therefore;
- F. Obtaining insurance to insure the Association and the Board against property damage, public liability, and other risks;
- G. To collect delinquent assessments, by suit or otherwise, and to enjoin or seek damages from an owner as is provided in the Covenants and these Bylaws;
- H. To assess a late charge in an amount as set from time to time by the Board of Managers.

3. Managing Agent and Manager. The Board of Managers may employ, for the Association, a Managing Agent at compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall deem appropriate and authorize. The Managing Agent of the Board of Managers, as the case may be, shall keep detailed, accurate records of the receipts and expenditures affecting the general and limited common elements. Such records authorizing payment shall be available for examination by the members at convenient weekday business hours. However, the Board when so delegating, shall not be relieved of its responsibilities under the Covenants, the Articles of Incorporation, or these Bylaws.

4. Removal of Members of the Board of Managers. At any regular or special meeting of the members of the Association, any one or more of the Managers may be removed with or without cause by vote of a majority of the members of the Association, and a successor shall then and there be elected to fill the vacancy thus created and serve until the next regular election of the Managers. Any Manager whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at the meeting. Any Manager may resign by submitting a written notice to the Secretary of the Board stating the effective date of his resignation, which effective date shall not be retroactive, and acceptance of such resignation shall be necessary to make the resignation effective.

5. Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a Manager thereof by a vote of the members of the Association shall

be filled by vote of a majority of the remaining Managers at a special meeting of the Board of Managers held for that purpose promptly after the occurrence of any such vacancy, even though the Managers present at such meeting may constitute less than a quorum. Each person so elected shall be a member of the Board of Managers for the remainder of the term of the Manager so removed until a successor shall be elected at the next annual meeting of the property owners.

6. Initial Board Meeting. There shall be a meeting of the Board of Managers immediately following the Annual Meeting of the Members of the Association if all elected Managers are present at the meeting, but not longer than two (2) weeks following the Annual Meeting.

7. Regular Meetings. Regular meetings of the Board of Managers shall be held from time to time, as the Board of Managers, by vote, may determine with written notice to the general membership and at such place and hour as may be fixed, from time to time, by resolution of the Board.

8. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) Managers, after not less than seventy-two (72) hours notice to each Manager.

9. Waiver of Notice. Before, at, or after any meeting of the Board of Managers, any Manager may waive, in writing, notice of such meeting and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him, except when a Manager attends the meeting for the express purpose of objecting to the transaction of business because the meeting was not lawfully called or convened.

10. Quorum. The presence, in person or by proxy, at all meetings of the Board entitled to cast fifty percent (50%) of the votes shall constitute a quorum. No action may be passed by the Board without an affirmative vote of at least three (3) Managers. If, however, such quorum shall not be present or represented at any meeting, the Manager entitled to vote shall have to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

11. Action Taken Without a Meeting. The Managers shall have the right to take any action in the absence of a meeting, which they could take at a meeting by obtaining the written approval of all the Managers. Any action so approved shall have the same effect as though taken at a meeting of the Managers. Any actions taken will be included in the minutes of the next meeting.

12. Meetings by Telephone. The Managers may hold special meetings via a telephone conference call, and any action taken by the Board at such a telephone conference call meeting shall have the same force and effect as such action taken at a meeting at which a quorum of the Board was physically present. Any actions taken will be included in the minutes of the next meeting.

13. Executive/Closed Door Meetings. The Board may hold an executive or closed door session and may restrict attendance to Board members and such other persons requested by the Board. The matters to be discussed at such an executive session shall include only matters enumerated below:

- (a) matters pertaining to employees of the Association or the managing agent's contract or involving the employment, promotion, discipline or dismissal of an officer, agent or employee of the Association;
- (b) consultation with legal counsel concerning disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) investigative proceedings concerning possible or actual criminal misconduct;
- (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure;
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy;
- (f) review of or discussion relating to any written or oral communication from legal counsel.

14. 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 matter, or it may elect to disclose such information, as it deems appropriate, about such matter in an open meeting

15. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Association holding or responsible for Association funds, if such bonds are requested by the members of the Association. The premiums of such bonds shall constitute a common expense.

16. Compensation. No Manager shall receive any compensation from the Association for acting as such; however, reasonable expenses incurred on behalf of the Association shall be reimbursed to the appropriate Manager upon receipt by the Board of proper substantiation of the expense.

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

18. Duty to Disclose. The Manager has a duty to disclose the existence of any actual or potential conflict of interest and all material facts relating to the actual or potential conflict in an open meeting prior to any discussion or action on that issue. After making such disclosure, the Manager may participate in the discussion but shall not vote on that issue.

ARTICLE IV

OFFICERS

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 Board of Managers. The Board of Managers may elect such other officers as in its judgment may be necessary. The President and Secretary must be Managers. Such other officers may be Managers, but must be members of the Association. Any person may hold more than one office simultaneously; however, the offices of President and Secretary may not be held simultaneously by the same person.

2. Election and Term. Officers shall be elected annually by the Board of Managers at their annual meeting and they shall hold office at the pleasure of the Board of Managers until their successors are selected and shall qualify.

3. Removal. Upon affirmative vote of a majority of the Managers, any officer may be removed, with or without cause, and his successor shall be elected at any regular meeting of the Board of Managers or at any special meeting of the Board called for such purpose.

4. President. The President shall be the principal executive officer of the Association. He shall preside at all meetings of the members of the Association and of the Board of Managers. He shall have all of the general powers and duties which are incident to the office of the President of a corporation organized under the Colorado Corporation Code subject; however, to the control of the Board of Managers.

5. Vice President. The Vice President shall perform the duties of the President whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be delegated by the Board of Managers or by the President.

6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Managers. The Secretary shall have charge of such books and papers as the Board of Managers may direct, but in any event, shall be the custodian of the records and seal of the Association and shall affix the seal to all documents requiring same. In general, the Secretary shall perform all duties incident to the office of Secretary of a corporation organized under the Colorado Corporation Code.

7. Treasurer. The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for preparation of all required financial statements. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Managers or the managing agent at such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all duties incident to the office of Treasurer of a corporation organized under the Colorado Corporation Code.

8. Execution of Documents. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by any officer of officers of the Association or by such other person or persons as may be designated by the Board of Managers in an appropriate resolution.

9. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

ARTICLE V

INDEMNIFICATION OF MANAGERS

The members of the Board of Managers, hereinafter in this Article referred to as "Managers" shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The members of the Association shall indemnify and hold harmless each Manager against all contractual liability to others arising out of contracts made by the Managers on behalf of the property unless any such contract shall have been made in bad faith or contrary to the provisions of the Covenants or of these Bylaws. It is intended that a Manager shall have no personal liability with respect to any contract made by them on behalf of the property. It is also intended that the liability of any member of the Association arising out of any contract made by a Manager or out of the indemnity in favor of a Manager shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all the property owners in the common elements. Every agreement made by a Manager on behalf of the Association shall provide that the members of the Board of Managers are acting only as agents for the members of the Association and shall have no personal liability thereunder, shall be

limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interests of all property owners in the common elements. To insure the indemnification of a Manager, the Board of Managers may, if they so desire, obtain errors and omissions insurance insuring them against any mistake of judgment, negligence, or otherwise in their capacities as Managers. The premium for such insurance shall constitute a common expense.

ARTICLE VI

RECORDS

1. Association Records To Be Kept. The Association shall keep a copy of the following records at its principal office:

- (a) Articles of Incorporation;
- (b) Bylaws;
- (c) Covenants, Conditions and Restrictions of the Association;
- (d) Resolutions adopted by the Board;
- (e) Minutes of all Member and Manager meetings for the past three (3) years;
- (f) all written communications within the past three (3) years to owners;
- (g) name and address of each owner;
- (h) name and address of each Manager and/or officer;
- (i) annual financial statements;
- (j) current insurance policies;
- (k) all financial audits and reviews conducted within the past three (3) years;
- (l) current annual budget;
- (m) a list, by lot or unit owner, of the Association's current and delinquent Assessments.

2. Inspection and Copying of Association Records. Owners are entitled to inspect and copy, at the owner's expense, any records listed above during regular business hours to the extent that:

- (a) the request is made in good faith and for a proper purpose;
- (b) the request describes with reasonable particularity the records sought and the purpose of the request; and
- (c) The records are relevant to the request.

The owner must make a written request to the Association Secretary at least five (5) days before the date on which the owner wishes to inspect and copy such records.

3. Report. A written report summarizing all receipts and expenditures of the Association shall be rendered by the Board of Managers to all members of the Association at least annually. If the members of the Association so direct, an annual report of the receipts and expenditures of the Association, certified by an independent

certified public accountant, shall be rendered by the Board of Managers to all members of the Association promptly after the end of each calendar year.

4. Accounting Records. The Association shall maintain accurate and complete accounting records in accordance with generally accepted accounting principles.

ARTICLE VII

COLLECTION OF UNPAID ASSESSMENTS

1. Member's Obligation to Pay. All homeowners are obligated to pay Assessments as established by the Board of Managers in accordance with Article VII of the Covenants, Conditions and Restrictions of the Association.

2. Assessments Defined. "Assessment" means a Regular Assessment, Special Assessment, or Reimbursement Assessment.

3. Regular Assessment Defined. "Regular Assessment" means a charge against each owner and the owner's lot for purposes of covering the annual costs of operating and administering the Association and all other common expenses.

4. Due Date. Regular Assessments shall be due and payable on January 1 and July 1 of each year.

5. Regular Assessment Amount. The Board shall establish the amount due for regular assessments annually.

6. Delinquent Assessments. Any Assessment is deemed delinquent if not paid within fifteen (15) days of the due date.

7. Interest. Any Assessment or other sums due to the Association and deemed delinquent shall bear interest from and after the due date at the rate of interest set by the Board from time to time in accordance with Section 7.1 of the Covenants, Conditions and Restrictions of the Association. The current interest rate shall be 15%.

8. Late Fee. Any Assessment deemed delinquent shall also incur a late fee in an amount as set from time to time by the Board of Managers. Late fees shall apply to all other amounts owed to the Association if not paid in full when due, including fines as defined in Section V.

9. Statement of Unpaid Assessments. Upon written request, the Association shall furnish a Statement of Unpaid Assessments in accordance with section 7.8 of the Covenants, Conditions and Restrictions of the Association.

10. Collection. In addition to the remedies provided for in section VII in the Covenants, Conditions and Restrictions of the Association, delinquent Assessments or other sums due may be referred to an attorney and/or collection agency for collection. The delinquent owner will be liable for all collection costs, including attorney's fees.

ARTICLE VIII

ENFORCEMENT OF COVENANTS AND RULES

Note: The following policy supplements Article III and section 6.9 of the Covenants, Conditions and Restrictions of the Association (CCR). This policy shall apply equally to the Articles and Bylaws, Design Review Guidelines, Rules and Regulations and the decisions and resolutions of the Association or the Board of Managers of Summit Vista, as the same may be lawfully amended from time to time. The authority of this policy is granted in CCR 6.5.

1. Enforcement. On a regular basis, the designated authority will tour the Summit Vista Subdivision to note any CCR violations and validate any reports of violations made by homeowners. All violations will be documented. The designated authority will investigate all reports of violations of covenants and rules that are reported in writing within thirty (30) days. Reports of violations that, in the opinion of the designated authority, lack sufficient information or detail or can not be validated, may be deemed to not warrant further investigation. Enforcement shall be as follows:

(a) Stage I – Notice of Violation. A Notice of Violation shall be mailed by First Class Mail to the homeowner at their address of record and to the Summit Vista property address if that should be different from the address of record for the homeowner. This Notice shall include;

1. A clear description of the violation along with the sections of the CCRs being violated.
2. A copy of this Enforcement Policy and fine structure that will be followed should the violation not be corrected.
3. A deadline of 15 days from the date that the Notice of Violation is postmarked, by which the violation must be corrected or contested.

To contest a Notice of Violation, the owner may make a written request for an appeals hearing with the Board at the next regularly scheduled Board meeting to appeal the notice of the violation. The Board's decision on the appeal is final

- (b) Stage II - \$50 Fine. In the event that the violation is not corrected or properly appealed by the deadline contained within the Notice of Violation the Notice of Violation shall be forwarded to the Board of Managers for approval. For all violations approved by the Board, a certified letter and a first class letter shall be sent to the homeowner's address of record with the above information and a \$50.00 fine will be assessed to that homeowner's account.
- (c) Stage III - \$100 Fine. In the event that the violation is not corrected within 15 days from the day that the Stage II certified letter is mailed, a second first class letter will be sent to the homeowner's address of record with the above information and an additional \$100.00 fine will be assessed to that homeowner's account.
- (d) Stage IV - \$125 Continuous Weekly Fine. In the event that the violation is not corrected within 15 days from the day that the Stage III letter is mailed, an additional \$125.00 fine will be assessed on a weekly basis until the violation is corrected.
- (e) Stage V – Lien. Once the homeowner's account balance, which may include other assessments or fines, reaches a balance of \$500, a lien may be placed on the homeowner's property and the homeowner will be notified of such according the legal notice requirements of the State of Colorado. The homeowner will be billed for any attorney fees and costs incurred by the Association.

2. Collection Provisions. All fines, costs and expenses, including attorney's fees, necessary to enforce this policy shall be an Assessment against the owner's property and subject to all lien and collection powers of the Association. Late Fees and Interest as described in Section II shall be applicable.

3. Unresolved Violations. After the expiration of sixty (60) days following notice of a violation in which no hearing is requested or alternatively after an appeals meeting, the Board may:

- (a) Suspend the rights or privileges of the owner relating to use of any common area and/or common elements within the Association and suspend the voting rights of the owner;
- (b) Pursue all rights of action available at law or in equity including, but not limited to, the remedy of injunctive relief and obtaining a monetary judgment for all costs, expenses, including attorney's fees, and damages;
- (c) Reserve the right to waive or increase fines or penalties based on the severity of the violation and circumstances;

- (d) Enter at all reasonable times upon any lot or unit to which a violation, breach, or other condition to be remedied exists, and take the actions specified in the notice to the owner to abate, extinguish, remove or repair such violation, breach or other condition which may exist. Such entry or action, or both, shall not be deemed to be a trespass or wrongful act. All costs and expenses, including attorney's fees, incurred by the Association or on its behalf in enforcing such violation, shall be a binding personal obligation of such owner enforceable at law, as well as a lien, on such owner's lot or unit.

ARTICLE IX

INVESTMENT OF RESERVE FUNDS

1. Reserve Funds To Be Invested. Reserve funds shall be invested in such amounts as may be determined and authorized by the Board. The Board may delegate its investment authority.

2. Standard of Conduct. Investment of reserve funds shall be done in good faith, within the best interests of the Association and with the care an ordinarily prudent person in a like position would exercise under similar circumstances

3. Authorized Investments. Authorized investments are U.S. Treasury Bills and Notes, Money Market Funds and Certificates of Deposits. Derivative securities and mortgage backed securities are not authorized investments.

4. Investment Objectives.

- (a) Safety of Principal: The long-term goal is safety of the reserve funds and to promote and ensure the preservation of the reserve fund's principal.
- (b) Liquidity: Funds shall be sufficiently liquid to meet anticipated or unanticipated expenditures. Liquidity can be achieved by structuring maturities to ensure the availability of assets when needed.
- (c) Minimal Costs: Investment costs should be minimized.
- (d) Professional Management: The Board may delegate its investment authority to professional managers.
- (e) Return: Funds should be invested to seek the highest level of return consistent with the preservation of principal.

ARTICLE X

AMENDMENTS TO BYLAWS

1. Notice. Notice of the subject matter of a proposed amendment, alteration, or repeal of these Bylaws shall be included in the notice of any meeting at which a proposed amendment is to be considered.

2. Adoption. A Resolution adopting a proposed amendment, alteration, or repeal of these Bylaws may be proposed by either the Board of Managers or by the members of the Association. The Board of Managers and members of the Association not present in person or by proxy at the meeting considering the amendment, alteration, or repeal of these Bylaws may express their approval in writing, provided such approval is delivered to the Secretary of the Association prior to the meeting.

3. Approval. An approval of the proposed amendment, alteration, or repeal of these Bylaws must be by at least three-fourths of the entire membership of the Board of Managers or by at least three-fourths of the entire membership of the Association.

ARTICLE XI

ADOPTION AND AMENDMENT OF POLICIES, PROCEDURES AND RULES

1. Board Determination of Need for Rules. The Board may determine the need to adopt or amend certain rules, regulations, policies and/or procedures (“Rule”) as it deems necessary, desirable or appropriate with respect to the interpretation and implementation of the governing documents of the Association, the operation of the Association, the use and enjoyment of common areas and/or common elements or for any other purpose.

2. Notice and Opportunity to Comment. The Board shall place the proposed Rule on its meeting agenda prior to the next open meeting. Written notice of the agenda and the proposed rule shall be mailed to the Members of the Association at least ten (10) days prior to the open meeting. The Board shall allow an opportunity for the Members to comment on the proposed Rule.

3. Adoption of Rule. Rules shall be effective only upon adoption by resolution at an open meeting of the Board following Board discussion and Member comment. The Board shall then provide written notice of the Rule adoption to its Members within fifteen (15) days after adoption.

4. Emergency. The Board may waive notice and opportunity to comment in the event the Board determines, in its sole discretion, an emergency Rule needs to be immediately adopted.

ARTICLE XII

RESOLVING DISPUTES BETWEEN ASSOCIATION AND OWNERS

1. Mediation Requirement. In the event of any dispute between the Association and an owner, for which a method, policy or procedure to address such dispute is not provided by the Covenants, Conditions and Restrictions or Bylaws of the Association, the owner and Association shall first submit the matter to mediation. The parties will jointly appoint an acceptable mediator and will share equally in the cost of such mediation. The mediation, unless otherwise agreed, shall terminate in the event the entire dispute is not resolved within thirty (30) calendar days of the date written notice requesting mediation is sent by one party to the other party.

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