

BYLAWS
OF
LAGO VISTAS PROPERTY OWNERS ASSOCIATION
(COLORADO NONPROFIT CORPORATION)

INTRODUCTION

These are the Bylaws of Lago Vistas Property Owners Association, (Colorado Nonprofit Corporation), a community association. Initial capitalized terms are defined in Article 1 of the Declaration.

ARTICLE I

NAME

The name of the corporation is Lago Vistas Property Owners Association, hereinafter referred to as the "Association."

ARTICLE II

EXECUTIVE BOARD

Section 2.1 – Number and Qualification – Termination of Declarant Control. The affairs of the Common Interest Community and the Association shall be governed by an Executive Board which, until the termination of the period of Declarant control, shall consist of three (3) persons, and following such date shall consist of seven (7) persons, the majority of whom, excepting the Directors appointed by the Declarant, shall be Lot Owners. If any Lot is owned by a partnership or corporation, any officer, partner or employee of that Lot Owner shall be eligible to serve as a Director and shall be deemed to be a Lot Owner for the purposes of the preceding sentence. Directors shall be elected by the Lot Owners, except for those appointed by the Declarant. At any meeting at which Directors are to be elected, the Lot Owners may, by resolution, adopt specific procedures which are not inconsistent with these Bylaws or the Corporation Laws of the State of Colorado for conducting the elections.

Section 2.2 – Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration, these Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in the Declaration and the Act, the powers and duties necessary for the administration of the affairs of the

Association and of the Common Interest Community, which shall include the powers and duties set forth in Article 5 of the Declaration.

Section 2.3 – Standard of Care. In the performance of their duties the officers and members of the Executive Board are required to exercise ordinary and reasonable care.

Section 2.4 – Additional Limitations. The Executive Board shall be additionally limited pursuant to Article 5 of the Declaration.

Section 2.5 – Manager. The Executive Board may employ a Manager for the Common Interest Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the manager only the powers granted to the Executive Board by these Bylaws under Section 2.2. Licenses, concessions and contracts may be executed by the Manager pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

Section 2.6 – Removal of Directors. The Lot Owners, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the Lot Owners 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.

Section 2.7 – Vacancies. Vacancies in the Executive Board, caused by any reason other than the removal of a Director by a vote of the Lot Owners, may be filled at a special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the Directors present at that meeting may constitute less than a quorum. These appointments shall be made in the following manner:

- (a) As to vacancies of Directors whom Lot Owners other than the Declarant elected, by a majority of the remaining elected Directors constituting the Executive Board; and
- (b) As to vacancies of Directors whom the Declarant has the right to appoint, by the Declarant.

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

Section 2.8 – Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Lot Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Lot Owners at the meeting at which the Executive Board shall have been elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the Directors are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.9 – Special Meetings. Special meetings of the Executive Board may be called by the President or by a majority of the Directors on at least three business days' notice to each Director. The notice shall be hand delivered or mailed and shall state the time, place and purpose of the meeting.

Section 2.10 – Location of Meetings. All meetings of the Executive Board shall be held within the Town of Colorado City, Colorado, unless all Directors consent in writing to another location.

Section 2.11 – Waiver of Notice. Any Director may waive notice of any meeting in writing. Attendance by a Director at any meeting of the Executive Board shall constitute a waiver of notice. If all the Directors are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.12 – 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.

Section 2.13 – Compensation. A Director may receive a fee from the Association for acting as a director, as may be set by resolution of the Lot Owners, and may also receive reimbursement for necessary expenses actually incurred in connection with the Director's duties. Directors acting as officers or employees may also be compensated for those duties.

Section 2.14 – 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.

Section 2.15 – Telephone Communication in Lieu of Attendance. A Director may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby the Director may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The Director's vote shall be counted and the presence noted as if that Director were present in person on that particular matter.

ARTICLE III

LOT OWNERS

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

Section 3.2 – Special Meetings. Special meetings of the Association may be called by the president, by a majority of the members of the Executive Board or by Lot Owners comprising 20 percent of the votes in the Association.

Section 3.3 – Place of Meetings. Meetings of the Lot Owners shall be held at the Property or may be adjourned to a suitable place convenient to the Lot Owners, as may be designated by the Executive Board or the president.

Section 3.4 - Notice of Meetings. The secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Lot or to the mailing address designated in writing by the Lot Owner, not less than 10 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

Section 3.5 – Waiver of Notice. Any Lot Owner may, at any time, waive notice of any meeting of the Lot Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.6 – Adjournment of Meeting. At any meeting of Lot Owners, a Majority of the Lot Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.7 – Order of Business. The order of business at all meetings of the Lot Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports;
- (e) Established number and term of memberships of the Executive Board;
- (f) Election of inspectors of election;

- (g) Election of Directors of the Executive Board;
- (h) Ratification of budget;
- (i) Unfinished business; and
- (j) New business.

Section 3.8 – Voting.

- (a) If only one of several owners of a Lot is present at a meeting of the Association, the owner present is entitled to cast all the votes allocated to the Lot. If more than one of the owners are present, the votes allocated to the Lot may be cast only in accordance with the agreement of a majority in interest of the owners. There is majority agreement if any one of the owners casts the votes allocated to the Lot without protest being made promptly to the person presiding over the meeting by another owner of the Lot.
- (b) Votes allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Lot Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.
- (c) The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership or business trust owner is qualified to vote.

Section 3.9 – Quorum. Except as otherwise provided in these Bylaws, the Lot Owners present in person or by proxy at any meeting of Lot Owners but no less than 20 percent of the members, shall constitute a quorum at that meeting.

Section 3.10 – Majority Vote. The vote of a majority of the Lot Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Lot Owners for all purposes except where a higher percentage vote is required in the Declaration, these Bylaws or by law.

ARTICLE IV

OFFICERS

Section 4.1 – Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds necessary. The president and vice president, but no other officers, need to be Directors. Any two offices may be held by the same person, except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2 – Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Executive Board. They shall hold office at the pleasure of the Executive Board.

Section 4.3 – Removal of Officers. Upon the affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause. A successor may be elected at any regular meeting of the Executive Board or at any special meeting of the Executive Board called for that purpose.

Section 4.4 – President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Lot Owners and of the Executive Board. The president shall have all of the general powers and duties which are incident to the office of president of a non-stock corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Lot Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments, attested by the secretary, to the Declaration and these Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.5 – Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other Director to act in the place of the president on an interim basis. The vice president shall also perform other duties imposed by the Executive Board or by the president.

Section 4.6 – Secretary. The secretary shall keep the minutes of all meetings of the Lot Owners and the Executive Board. The secretary shall have charge of the Association's books and papers as the Executive Board may direct and shall perform all the duties incident to the office of secretary of a nonstock corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest

to the execution by the president of amendments to the Declaration and the Bylaws on behalf of the Association, following authorization or approval of the particular amendment as applicable.

Section 4.7 – Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all monies and other valuable effects in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonstock corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all monies in the name of and to the credit of the Association in banks designated by the Executive Board. Except for reserve funds described below, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investment instruments owned or controlled by the Association or as fiduciary for others. Reserve funds of the Association shall be deposited in segregated accounts or in prudent investments, as the Executive Board decides. Funds may be withdrawn from these reserves for the purposes for which they were deposited, by check or order, authorized by the treasurer, and executed by two Directors, one of whom may be the treasurer if the treasurer is also a Director.

Section 4.8 – Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any officer of the Association or by any other person or persons designated by the Executive Board.

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

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

VIOLATION

Section 5.1 – Abatement and Enjoinment of Violations by Lot Owners. 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 Board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in these Bylaws:

- (a) To enter the Lot in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, 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.

Section 5.2 – Fine for Violation. By resolution, following notice and hearing, the Executive Board may levy a fine of up to \$25 per day for each day that a violation of the Declaration or Rules and Regulations persists after notice and hearing.

The Directors and officers of the Association shall have the liabilities, and be entitled to indemnification, as provided in Colorado's nonprofit corporation laws.

ARTICLE VI

RECORDS

Section 6.1 – Accounting. The books and records of the association shall be subject to an audit, using generally accepted auditing standards, or a review, using statements on standards for accounting and review services, at least once every two years by a person selected by the Board of Directors. Such person need not be a certified public accountant except in the case of an audit.

Section 6.2 – Examination. All records maintained by the Association or the Manager shall be available for examination and copying by any Lot Owner, 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 after reasonable notice.

Section 6.3 – Records. The Association shall keep the following records:

- (a) An account for each Lot, which shall designate the name and address of each Lot Owner, 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 date on which each assessment comes due, the amounts paid on the account and the balance due;
- (b) An account for each Lot Owner showing any other fees payable by the Lot Owner;
- (c) A record of any capital expenditures in excess of \$3,000.00 approved by the Executive Board for the current and next two 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, if any, of the Association;
- (f) The current operating budget;
- (g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;
- (h) A record of insurance coverage provided for the benefit of Lot Owners and the Association;
- (i) A record of any alterations or improvements to Lots or Common Areas which violate any provisions of the Declarations of which the Executive Board has knowledge;
- (j) A record of any violations, with respect to any portion of the Common Interest Community, of health, safety, fire or building codes or laws, ordinances, or regulations of which the Executive Board has knowledge;
- (k) A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Areas;
- (l) Tax returns for state and federal income taxation;
- (m) Minutes of proceedings of incorporators, Lot Owners, Directors, committees of Directors and waivers of notice; and

- (n) A copy of the most current versions of the Declaration, Bylaws, Rules and Regulations, and resolutions of the Executive Board, along with their exhibits and schedules.

ARTICLE VII

MISCELLANEOUS

Section 7.1 – Notices. All notices for the Association or the Executive Board shall be delivered to the office of the Manager, or, if there is no Manager, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Lot Owners 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 Lot Owner shall be sent to the Lot Owner'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 change of address, which shall be deemed to have been given when received.

Section 7.2 – Fiscal year. The Executive Board shall establish the fiscal year of the Association.

Section 7.3 – Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

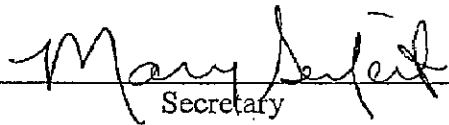
Section 7.4 – Office. The principal office of the Association shall be on the Property or at such other place as the Executive Board may from time to time designate.

Section 7.5 –Reserves. As a part of the adoption of the regular budget, the Executive Board shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund for the replacement of improvements to the Common Areas, based upon the age, remaining life, and replacement cost of major Common Area improvements.

The Bylaws may be amended only pursuant to the provisions of Article 5 of the Declaration.

ATTEST:

Certified to be the Bylaws adopted by consent of the Directors of Lago Vistas
Property Owners Association, Inc., dated June 6, 2006.


Secretary