

BYLAWS
OF
OAKHURST TOWNHOMES HOMEOWNERS ASSOCIATION
JULY 2009

ARTICLE 1. NAME AND LOCATION

The name of the corporation is Oakhurst Townhomes Homeowners Association, hereinafter referred to as the "Association." The principal office of the Association shall be 1512 Grand Ave. Suite 109, Glenwood Springs, CO. 81601, but meetings of Members and directors may be held at such places within the State of Colorado as may from time to time be designated by the Executive Board of the Association ("Executive Board" or "Board").

ARTICLE 2. PURPOSE

The purpose for which the Association is formed is to govern the Community, exercise the rights, power and authority, and fulfill the duties of the Association, as provided in that certain Declaration of Covenants, Conditions and Restrictions of Oakhurst Townhomes Homeowners Association, and all amendments, clarifications and supplements thereto, recorded or to be recorded in the office of the Clerk and Recorder of Garfield County, Colorado ("Declaration") (terms which are defined in the Declaration shall have the same meanings herein unless otherwise defined), and those certain Articles of Incorporation of Oakhurst Townhomes Homeowners Association, and any amendments thereto, filed in the office of the Secretary of State of Colorado ("Articles of Incorporation"). All present and future Owners, tenants, occupants, and any other Person who may use any Lot, the Common Elements, or any portion thereof, or any facilities or appurtenances thereto or thereon, in any manner, shall be subject in all respects to the covenants, conditions, restrictions, reservations, easements, regulations, and all other terms and provisions set forth in the Declaration, Articles of Incorporation and these Bylaws. The mere acquisition, rental or occupancy of any Lot, or any portion thereof, shall signify that all terms and provisions of the Declaration, Articles of Incorporation and these Bylaws are accepted, ratified and shall be complied with.

ARTICLE 3. MEETINGS OF MEMBERS

Section 3.1. Annual Meetings. The Association shall each year hold an annual meeting of the Members, the time, date and location of which shall be set from time to time by the Executive Board. At the Annual meeting of the Association, the Members shall elect directors to fill vacancies and may conduct such other business as may properly come before the meeting.

Section 3.2. Special Meetings. Special meetings of the Members may be called at any time by the President or by majority of the Executive Board or by Owners having at least twenty percent (20%) of the votes of the Association.

Section 3.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary of the Association or Person authorized to call the meeting. Not less than ten (10) nor more than thirty (30) days in advance of such meeting, the Person giving such notice shall cause notice of the meeting to be hand delivered or sent prepaid by United States first class mail to the mailing address of each Lot or to any other mailing address designated in writing by the Owner. The notice of any meeting must state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove an officer or director.

Section 3.4. Quorum and Voting Requirements.

3.4.1. A quorum is deemed present throughout any meeting, at the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

3.4.2. Unless otherwise specifically provided by the Declaration, the Articles of Incorporation, these Bylaws or by statute, action on all matters coming before a meeting of Members at which a proper quorum is in attendance, in person or by proxy, is approved if the votes east favoring such action exceed the votes east opposing such action.

Section 3.5. Proxies.

3.5.1. If only one of the multiple Owners of a Lot is present at a meeting of the Association, such Owner is entitled to cast the vote allocated to that Lot. If more than one of the multiple Owners of a Lot is present, the vote allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the Owners, unless the Declaration expressly provides otherwise. There is majority agreement if any one of the multiple Owners casts the vote 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.

3.5.2. The vote allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one Person, any Owner of such Lot may register protest to the casting of a vote by any other Owner of such Lot through a duly executed proxy; but each Lot shall only have one vote allocated to it, as provided in the Declaration. An Owner may not revoke a proxy given pursuant to this Section except 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 eleven (11) months after its date unless it provides otherwise.

Section 3.6. Action by Written Ballot. Any action that may be taken at any annual, regular, or special meeting of the Members may be taken without a meeting if the Association delivers (by mail or otherwise) a written ballot to every Member entitled to vote on the matter which sets forth each proposed action and provides an opportunity to vote for or against each proposed action. Approval by written ballot is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. Solicitations for vote by written ballot must be accompanied by written information sufficient to permit a Member to reach an informed decision on the matter and must specify:

3.6.1. the number of responses needed to meet the quorum requirements;

3.6.2. the percentage of approvals necessary to approve each matter other than election of the directors; and

3.6.3. the time by which a ballot must be received in order to be counted.

Section 3.7. Security Interest Holders. Each Security Interest Holder shall have the right to designate a representative to attend all meetings of Members.

ARTICLE 4. EXECUTIVE BOARD – SELECTION – TERM OF OFFICE

Section 4.1. Number. The affairs of this Association shall be managed by an Executive Board of three (3) directors. Directors shall be Members which, in the case of any Members who are not natural persons, may include the officers, directors, partners, members, employees or authorized agents of each such Member. Notwithstanding the foregoing, the number of directors may be changed from time to time by a vote of the Executive Board; provided, however that the number of directors may not be greater than seven (7) nor less than three (3).

Section 4.2. Power to Appoint or Elect. During the Period of Declarant Control, except as otherwise provided in the Declaration, the Declarant shall have the power to appoint the directors as more fully described in the Declaration. Subject to the Declarant's right to appoint, the Members shall elect the directors. After termination of the Period of Declarant Control, the Members shall elect all directors of the Executive Board.

Section 4.3. Term of Office. Any director who is elected by the Members prior to termination of the Period of Declarant Control (which terminates on the date that is provided for in Section 1.28 of the Declaration) shall serve for one (1) year. Any director of the Executive Board who is elected by the Members subsequent to termination of the Period of Declarant Control, but prior to the first annual meeting of the Members that is held after termination of the Period of Declarant Control ("1st Annual Meeting"), shall serve until the second annual meeting of the Members that is held after termination of the Period of Declarant Control, except that if more than 2 directors are elected at the 1st Annual Meeting, then either 33 1/3% (if the number of directors to be elected is odd) or 50% (if the number of directors to be elected is even) of such directors shall be elected for a 2 year term and the other directors who are being elected shall be elected for a 1 year term. Subject to the following sentence, if more than 2 directors are elected at the 1st Annual Meeting, the number of directors who receive the most votes shall be elected for 2-year terms and the other directors who are elected shall be elected for 1 year terms. However, the Board may approve of any director changing terms with another director if the Members do not object. At each annual meeting after the 1st Annual Meeting, the Members shall elect the same number of directors, as there are directors whose terms expire at the time of each election, for a term of two (2) years. Notwithstanding the foregoing, a director may at any time resign, be removed (subject to these Bylaws), or otherwise be disqualified to serve.

Section 4.4. Removal. The Members, by a vote of sixty-seven percent (67%) of the Association votes cast by Members present in person or by proxy at any meeting of the Members at which a quorum is present, may remove any director with or without cause, other than a director appointed by the Declarant. Declarant may at any time remove, and appoint the successor of, any director who was appointed by the Declarant. In the event of death, resignation or removal of a director, his or her successor shall be selected by a majority of the remaining directors, whether or not such remaining directors constitute a quorum, and shall serve for the unexpired term of the director being replaced; provided, however, that the Declarant may appoint the successor of any director who served in such capacity as a result of being appointed by the Declarant.

Section 4.5. Compensation. No director shall receive compensation for any service rendered to the Association as a director. However any director may be reimbursed for actual expenses incurred in the performance of the director's duties.

ARTICLE 5. NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Executive Board may be made by a nominating committee if such a committee is appointed, from time to time, by the Executive Board. Nominations may also be made from the floor at any Member meeting.

Section 5.2. Election. Election to the Executive Board shall be by written ballot if any Member so requests or in the discretion of the Executive Board. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Cumulative voting is not permitted.

ARTICLE 6. MEETINGS OF THE EXECUTIVE BOARD

Section 6.1. Regular Meetings. Regular meetings of the Executive Board shall be held not less often than quarterly, without notice, at such place and hour as may be fixed from time to time by the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2. Special Meetings. Special meetings of the Executive Board shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 6.3. Quorum: Actions of Executive Board. A quorum at any meeting of the Executive Board is present if directors entitled to cast fifty-one percent (51%) of the votes on the Executive Board are present. Every act or decision done or made by a majority of a quorum of the directors present, in person or by proxy granted to another director (as more specifically set forth below), at a duly held meeting shall be regarded as the action of the Executive Board.

Section 6.4. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting, which they could take at a meeting if each and every director in writing ("Written Vote(s)") does either of the following:

6.4.1. Votes for such action; or

6.4.2. Votes against such action or abstains from voting, and waives the right to demand that a meeting be held.

Action under this Section is valid only if the affirmative vote for such action equals or exceeds the minimum number of votes that would be necessary to take such action at a meeting at which all of the directors then in office were present and voted. For any action taken under this Section to be effective the Association must receive the Written Votes described in subsections 6.4.1. and 6.4.2 signed and not revoked. The Association may receive Written Votes by facsimile or by email (without signature). A director may revoke such director's Written Vote by e-mail, or by writing signed and dated that describes the action and states that the director's prior vote is revoked ("Revocation") if such Revocation is received by the Association before the last Written Vote necessary

to effect the action is received by the Association. The Association shall keep the Written Votes and any Revocations with the minutes of the meetings of the Executive Board.

Section 6.5. Proxies. For purposes of determining a quorum with respect to a particular proposal, and for purposes of casting a vote for or against a particular proposal, a director may be deemed to be present and to vote if the director has granted a signed written proxy to another director who is present at the meeting, authorizing the other director to cast the vote that is directed to be cast by the written proxy with respect to the particular proposal that is described with reasonable specificity in the proxy. Except as provided in this Section and in Section 6.4 hereof, directors may not vote or otherwise act by proxy.

ARTICLE 7. POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 7.1. Limitation on Powers. The Executive Board may not act on behalf of the Association to amend the Declaration, to terminate this Community, or to elect directors.

Section 7.2. Powers. The Executive Board shall have power to:

7.2.1. adopt and publish rules and regulations governing the Lots, the SFD Lots, the TH Lots, the Common Elements, the Common Elements, the Community, or any portion thereof, and any facilities thereon and the personal conduct of the Members, their guests or other Persons thereon, and to establish penalties for the infraction thereof;

7.2.2. suspend the voting rights of any Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of the Declaration, Articles of Incorporation, these Bylaws, published Association rules and regulations or Board resolutions;

7.2.3. enter into, make, perform or enforce contracts, licenses, leases and agreements of every kind and description;

7.2.4. borrow money;

7.2.5. provide for direct payment of Assessments to the Association from Owners' checking, credit or other accounts;

7.2.6. exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

7.2.7. declare the office of a director to be vacant in the event such director shall be absent from two (2) regular meetings of the Executive Board during any one year period;

7.2.8. employ a manager, an independent contractor(s), or such other employees as they deem necessary and prescribe their duties:

7.2.9. cooperate with the Association, any other community association(s) and/or any district(s), as provided in the Declaration; and

7.2.10. exercise any and all powers granted by the Colorado Revised Non-Profit Corporation Act or by the Act.

7.3. Duties. It shall be the duty of the Executive Board to:

7.3.1. cause to be kept a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Owners entitled to cast at least one-fourth (1/4) of the votes at such meeting;

7.3.2. supervise all officers, agents, and employees of the Association, and see that their duties are properly performed;

7.3.3. as more fully provided in the Declaration, to:

7.3.3.1 determine the amount of the annual Assessment against each Lot, from time to time, in accordance with the Association budget, and revise the amount of the annual Assessment if the budget is vetoed; and

7.3.3.2 foreclose the lien against any Lot for which Assessments are not paid within such time as may be determined by the Executive Board from time to time, or bring an action at law against the Owner personally obligated to pay the same;

7.3.4 issue, or cause an appropriate officer or authorized agent to issue, upon demand by any Person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board or its agent for the issuance of these certificates. If a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment as to all Persons who rely thereon in good faith;

7.3.5. procure and maintain insurance, as more fully provided in the Declaration;

7.3.6. provide for maintenance, repair and/or reconstruction of the Common Elements, other property, and Improvements, as more fully provided in the Declaration; and

7.3.7. keep financial records sufficiently detailed to enable the Association to prove statements of unpaid Assessments. All financial and other records shall be made reasonably available for examination by any Owner and such Owner's authorized agents, subject to the provisions of Article 12 hereof.

Any of the aforesaid duties may be delegated by the Executive Board to any other Person(s) or to the Association's managing agent.

ARTICLE 8. RIGHTS OF THE ASSOCIATION

The Association may exercise any and all rights or privileges given to it under the Declaration, the Articles of Incorporation or these Bylaws, or as may otherwise be given to it by law, and every other right or privilege reasonably to be implied therefrom or reasonably necessary to effectuate any such right or privilege.

ARTICLE 9. OFFICERS AND THEIR DUTIES

Section 9.1. Enumeration of Offices. The offices of this Association shall be a president, a vice president, a secretary, a treasurer, and such other offices as the Board may from time to time by resolution create.

Section 9.2. Election of Officers. The election of officers shall take place at the first meeting of the Executive Board following each meeting of the Members at which one or more director(s) are elected.

Section 9.3. Term. The officers of this Association shall be elected annually by the Executive Board and each officer who is elected subsequent to the first annual meeting of the Association after termination of the Period of Declarant Control period shall hold office for one (1) year or until such officer's duly-elected successor takes office, whichever occurs later; except that any officer may at any time resign, be removed, or otherwise be disqualified to serve.

Section 9.4. Special Appointments. The Executive Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 9.5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Executive Board. Any officer may resign at any time by giving written notice to the Executive Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such

notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9.6. Vacancies. A vacancy in any office may be filled by appointment by the Executive Board. The officer to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 9.7. Multiple Offices. The same individual may simultaneously hold two or more offices, subject to any applicable requirements or limitations contained in the Declaration, Articles of Incorporation, these Bylaws or applicable law.

Section 9.8. Duties. The duties of the president, vice president, secretary and treasurer, which are delegable to other persons or the managing agent, are as follows:

9.8.1. President: The president shall preside at all meetings of the Executive Board and Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign or authorize a designated agent to co-sign promissory notes and checks of the Association; and shall perform such other duties as required by the Board.

9.8.2. Vice President: The vice president, if any, shall act in the place and stead of the president in the event of the president's absence, inability, or refusal to act, and shall perform such other duties as required by the Board.

9.8.3. Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Executive Board and of the Members; shall serve notice of meetings of the Board and of the Members; shall keep appropriate current records showing the names of the Members together with their addresses; shall prepare, execute, certify and record amendments to the Declaration on behalf of the Association; shall keep a record of the names and addresses of Security Interest Holders furnished to the Association by the Members; and shall perform such other duties as required by the Board.

9.8.4. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board; shall sign or authorize a designated agent to sign promissory notes and checks of the Association; shall keep proper books of account; shall cause an annual compilation report of the Association books to be made after the completion of each fiscal year or, at the option of the Executive Board, an annual review or audited financial statement

may be required; shall prepare an annual budget to be presented to the membership, and give a copy or summary thereof to the Members (as provided in the Declaration); and shall perform such other duties as required by the Board.

The president, vice president, secretary or treasurer of the Association may prepare, execute, certify, file and/or record amendments to the Declaration, the Articles of Incorporation or these Bylaws, on behalf of the Association, except that the Executive Board may authorize other officers to do so.

ARTICLE 10. DELEGATION OF AUTHORITY TO A MANAGING AGENT

Section 10.1. The Executive Board may at any time(s) have a Person(s) or managing agent(s) conduct any matter on behalf of the Association. However, at such time, if ever, that the Association includes thirty (30) Lots, if the Executive Board or officers of the Association delegate any of their powers of collection, deposit, transfer or disbursement of Association funds to other Persons or to a managing agent, then the following provisions shall be required:

10.1.1. The other Person or managing agent must maintain fidelity insurance coverage or a fidelity bond in an amount of not less than Fifty Thousand and no/100 Dollars (\$50,000.00) or such higher amount as the Executive Board may require from time to time; and

10.1.2. The other Person or managing agent must maintain all funds and accounts of the Association separate from the funds and accounts of other homeowners association that are managed by such other Person or managing agent, and must keep and maintain all reserve accounts of each such homeowners association so managed separate from operational accounts of the Association: and

10.1.3. An annual accounting of the Association funds and a financial statement must be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

ARTICLE 11. COMMITTEES

After termination of the Period of Declarant Control, the Executive Board shall appoint a Design Review Committee. At any time(s), the Executive Board may appoint a nominating committee. In addition, the Executive Board may appoint such other committee(s) as it deems appropriate, from time to time, in carrying out any of its purposes. Each committee serves at the pleasure of the Executive Board, has only such authority as may be given to it by the Executive Board from time to time, serves only in an advisory capacity to the Executive Board, and no member of a committee is an officer

of the Association by virtue of service on such committee; all actions and writings of each such committee are subject to review and approval by the Executive Board.

ARTICLE 12. BOOKS AND RECORDS

The Association shall make available to Owners current copies of the Declaration, Articles of Incorporation, these Bylaws, the rules and regulations, books, records and financial statements of the Association, except that: the Executive Board may at any time(s) determine that items or parts of items are confidential and should not be made available – e.g., to protect the privacy or confidentiality of Owners, complainants or applicants; and the Owners conducting inspection(s) of any such documents shall pay all costs associated therewith. “Available” shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

ARTICLE 13. AUTHENTICATED ELECTRONIC REPRESENTATION

Notwithstanding anything to the contrary contained in these Bylaws, to the extent permitted by applicable law, the Association may use technology or electronic representation in completing its duties and responsibilities. In this regard, any reference in these Bylaws to action, attendance, representation, notice, quorum, voting or acknowledgement, as well as any and all other matters, may be conducted by authenticated electronic activity and, to the extent permitted by applicable law, the provisions of these Bylaws shall be deemed to include provisions which permit such authenticated electronic activity.

ARTICLE 14. AMENDMENTS

These Bylaws may be amended by the Executive Board without Member consent or approval. These Bylaws may also be amended by the Members as long as, prior to any meeting of Members at which an amendment will be voted on: the Association gives notice to each Member entitled to vote on the amendment; such notice states that one of the purposes of the meeting is to consider the amendment; such notice is accompanied by a copy or summary of the amendment; and, at such regular or special meeting of the Members at which a quorum is present in person or by proxy, the votes that are cast in favor of said amendment exceed the votes that are cast against such amendment. In addition, these Bylaws may be amended by a vote of Members by written ballot as provided in these Bylaws. Notwithstanding anything to the contrary contained in this Article, the written approval of HUD or VA shall be required for any amendments enacted during the Period of Declarant Control if, at the time such amendment is enacted, HUD has insurance or VA has a guarantee(s) on one or more Security Interests and HUD or VA require such approval.

ARTICLE 15. CONFLICTS OF PROVISIONS

In case of any conflict between the Declaration and the Articles of Incorporation or these Bylaws, the Declaration shall control. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control.

ARTICLE 16. FISCAL YEAR

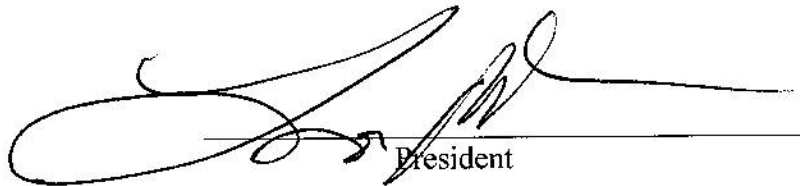
The fiscal year of the Association shall begin on the first day of January and end on the last day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Oakhurst Townhomes Homeowners Association, a Colorado non-profit corporation, and

That the foregoing Bylaws constitute the Bylaws of said Association as duly adopted at a meeting of the Executive Board thereof held on the 15th day of July, 2009.

In Witness Whereof, I have hereunto subscribed my name this 15th day of July, 2009.


President