

**BYLAWS
OF
WILLIAMS RANCH HOMEOWNERS ASSOCIATION**

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BYLAWS
OF
WILLIAMS RANCH HOMEOWNERS ASSOCIATION

INTRODUCTION

These are the Bylaws of the Williams Ranch Homeowners Association (the "Association") which shall operate under the Colorado Nonprofit Corporation Act, as amended ("Corporation Act"), and the Colorado Common Ownership Interest Act, as amended (the "Act").

Terms which are defined in the Declaration shall have the same meanings herein, unless otherwise defined herein. The word member or members as used in these Bylaws means and shall refer to Lot Owner(s) or Owner in the Common Interest Community.

ARTICLE 1

OBJECT

1.1 Purpose. The purpose for which the Association is formed is to:

1.1.1 govern and operate the planned community project known as the Williams Ranch Subdivision (the "Common Interest Community") located in the East one-half of Section 7, Township 10 South, Range 84 West of the Sixth Principal Meridian, Pitkin County, Colorado, in accordance with the Corporation Act and the Act, and own the Common Elements therein;

1.1.2 promote the health, safety, welfare, and common benefit of the Lot Owners and residents of the Common Interest Community; and

1.1.3 be and constitute the Association to which reference is made in the Declaration of Covenants, Conditions, Restrictions and Easements of Williams Ranch (the "Declaration") which is recorded or will be recorded in the office of the Clerk and Recorder of the County of Pitkin, State of Colorado, relating to a planned community ownership project described therein, in the County of Pitkin, State of Colorado and to perform all obligations and duties of the Association and to exercise all rights and powers of the Association, as specified therein.

1.2 Owners Subject to Bylaws. All present or future Owners, tenants, future tenants, or any other person that might use in any manner the facilities of the Common Interest Community are subject to the terms and provisions set forth in these Bylaws. The mere acquisition or rental of any of the Lots, or the mere act of occupancy of any of the Lots will signify that these Bylaws are accepted, ratified, and will be complied with.

ARTICLE 2

MEMBERSHIP, VOTING MAJORITY OF OWNERS, QUORUM, PROXIES

2.1 Membership. Ownership of a Lot is required in order to qualify for membership in this Association. Any person on becoming an Owner of a Lot shall automatically become a Member of this Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation to the Association or impair any rights or remedies which the Association may have against such former Owner arising out of or in any way connected with ownership of a Lot and membership in the Association. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue membership cards or certificates to the Owners. Such membership card or certificates shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate.

2.2 Voting.

2.2.1 Votes are allocated among the Members as set forth in the Declaration. If title to any Lot shall be held by two (2) or more persons, then each such person shall be a Member of this Association, provided, however, that the voting rights of such Owners shall not be divided but shall be exercised as if the Owner consisted of only one (1) person in accordance with the proxy or other designation made by the persons constituting such Owner. If only one (1) 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 (1) 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 (1) 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.

2.2.2 Votes allocated to a Lot may be cast under a proxy duly executed by an Owner. If a Lot is owned by more than one (1) 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. An Owner may revoke a proxy given under this section only by actual written 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 months after its date, unless it provides otherwise. The Secretary of the Association must bring all proxies to each meeting where the Owners are entitled to vote and all proxies shall be available for inspection by the officers of the Association and by any Owner in attendance at such meeting. A proxy need not be an Owner. All proxies must be in writing and may be either general or for a particular meeting.

2.2.3 The vote of a corporation or business trust may be cast by any officer of that corporation or business trust in the absence of express notice of the designation of a specific person by the Board of Directors or bylaws of the owning corporation or business trust. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The vote of a limited liability company may be cast by any manager of the limited liability company in the absence of express notice of the designation of a specific person by the limited liability company. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, partnership, limited liability company or business trust owner is qualified to vote.

2.2.4 Votes allocated to a Lot owned by the Association may not be cast.

2.2.5 The Declarant, its successors or assigns, may exercise the voting rights allocated Lots owned by it.

2.2.6 Cumulative voting in the election of the Board of Directors shall not be permitted.

2.3 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence at the beginning of any meeting of the Association in person or by proxy of twenty percent (20%) of the votes entitled to be cast shall constitute a quorum present throughout the meeting.

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

ARTICLE 3

ASSOCIATION MEETINGS

3.1 Place of Meetings. Meetings of the Owners shall be held at the Common Interest Community or at such place within the State of Colorado as the Executive Board may determine, so long as such alternate location is reasonably convenient to the Owners.

3.2 Annual Meeting. The annual meetings of the Association shall be held each year on such date as shall be selected by the Executive Board, provided that such meeting shall occur in each year no later than six months after the end of the Association's fiscal year. The first annual meeting shall be called by the initial Executive Board of the Association and shall be held within one (1) year of the initial conveyance of a Lot by Declarant. At such meetings, the Owners may transact such business of the Association as may properly come before the meeting. At each annual meeting, members of the Executive Board shall be elected by ballot of the Owners in accordance with the provisions of Article IV of these Bylaws. The Owners may transact such other business as may properly come before them at these meetings.

3.3 Special Meetings. Special meetings of the Association may be called by the President of the Association, by a majority of the members of the Executive Board, or by Owners having twenty percent (20%) of the votes in the Association.

3.4 Notice of Association Meetings. It shall be the duty of the Secretary of the Association to cause notice of meetings of the Owners of the Association to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by an Owner, not less than ten (10) nor more than fifty (50) days in advance of a meeting. 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 to these Bylaws, and any proposal to remove an officer or member of the Executive Board.

3.5 Waiver of Notice. Any Owner may, at any time, waive notice of any meeting of the Association in writing, and the waiver shall be deemed the same as receipt of notice. A waiver of notice, signed by all of the Owners before, at, or after any meeting shall be a valid substitute for notice. The certificate of the Secretary of the Association that notice was properly given as provided in these Bylaws shall be prima facie evidence thereof.

3.6 Adjourned Meetings. If any meeting of the Association cannot be convened because a quorum has not attended or if the business of the meeting cannot be concluded, then in that event, a majority of the Owners who are present, either in person or by proxy, may

adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

- 3.7.1 Roll call or check-in procedure;
- 3.7.2 Proof of notice of meeting or waiver of notice;
- 3.7.3 Reading of minutes of preceding meeting;
- 3.7.4 Reports of officers;
- 3.7.5 Reports of committees;
- 3.7.6 Election of members of the Executive Board (when required);
- 3.7.7 Unfinished business;
- 3.7.8 New business; and
- 3.7.9 Adjournment.

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

ARTICLE 4

EXECUTIVE BOARD

4.1 Association Responsibilities. The Association has the responsibility to own the Common Elements and to administer the Common Interest Community, acting through an Executive Board. In the event of any dispute or disagreement between any Owners relating to the Common Interest Community, or any questions of interpretation or application of the provisions of the Declaration or Bylaws, such dispute or disagreement shall be submitted to the Executive Board. The determination of such dispute or disagreement by the Executive Board

shall be binding on each and all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Executive Board.

4.2 Number and Qualification. The Executive Board shall be composed of five (5) persons elected from among the Owners, as provided in the Articles. In the case of Declarant or other corporate or partnership Owners, the officers, directors, employees, partners or agents of such entities may be members of the Board. The number of directors may be increased or decreased by amendment of these Bylaws; provided, however, that the number of directors shall not be reduced to less than five (5) nor increased to more than seven (7). Notwithstanding the foregoing, during the period of Declarant Control (as defined in the Articles), there may be five (5) or more members of the Executive Board, who shall be appointed by the Declarant or otherwise elected as provided by the Act.

4.3 Powers and Duties. The Executive Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential planned community project as set forth in the Declaration. The Executive Board may do all such acts and things as are not by law, the Articles, these Bylaws or the Declaration either prohibited or directed to be exercised and done by the Owners directly.

4.4 Other Powers and Duties. The Executive Board shall be empowered and shall have the duties as follows:

4.4.1 to administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration and in the Articles and these Bylaws;

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

4.4.3 to keep in good order, condition and repair all of the Common Elements and all items of personal property, if any, used in the enjoyment of the entire Common Interest Community;

4.4.4 to obtain and maintain to the extent obtainable all policies of insurance required by the Declaration;

4.4.5 to periodically fix, determine, levy and collect the Assessments to be paid by each of the Owners towards the Common Expenses of the Association and to adjust, decrease or increase the amount of the Assessments, refund any

excess Assessments to the Owners or credit any excess of Assessments over expenses and cash reserves to the Owners against the next succeeding assessment period; to levy and collect Special Assessments in accordance with the provisions of the Declaration, whenever in the opinion of the Executive Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies;

4.4.6 to impose penalties and collect Delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these Bylaws;

4.4.7 to protect and defend the Common Interest Community from loss and damage by suit or otherwise;

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

4.4.9 to enter into contracts within the scope of their duties and powers, provided, however, that any agreement entered into while a majority of the members of the Executive Board is appointed by the Declarant, must provide for termination by either party without payment of a termination fee on no less than ninety days' notice to the other party;

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

4.4.11 to keep and maintain detailed, full and accurate books and records showing in chronological order all of the receipts, expenses or disbursements pursuant to appropriate specificity and itemization and to permit inspection thereof as is provided in the Declaration, and, upon the vote of Owners representing an aggregate ownership percentage interest of at least fifty-one percent (51 %) of the Common Elements, to cause a complete audit to be made of the books and records by a competent certified public accountant;

4.4.12 to prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements since the last such statement;

4.4.13 to designate and remove the personnel necessary for the operation, maintenance, repair and replacement of the Common Elements;

4.4.14 to suspend the voting rights of an Owner for failure to comply with these Bylaws or the rules and regulations of the Association or with any other obligations of the Owners pursuant to the Declaration; and

4.4.15 in general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Common Interest Community, except as expressly prohibited by the Act.

4.5 Managing Agent. The Executive Board may employ for the Association a Managing Agent (at a compensation established by the Executive Board), to perform such duties and services as it shall authorize. The Executive Board may delegate any of the powers and duties granted to it but, notwithstanding such delegation, shall not be relieved of its responsibility under the Declaration, the Articles or these Bylaws.

4.6 Election and Term of Office. Subject to the Declarant's right to appoint and remove officers and members of the Executive Board during the period of Declarant Control as set forth in the Articles, members of the Executive Board shall be elected by a majority of the Owners voting at the annual meeting of the members of the Association. The term of office for the initial Directors shall be fixed at the time of their appointment as they themselves shall determine in order to establish a system of three (3) year terms in which at least one member of the Executive Board is elected each year, and the Executive Board shall identify in which year the directorships for each category of representation are subject to election. For example, if the number of Directors on the initial Board remains at five (5) pursuant to Section 4.2 above, one (1) Director shall serve for a one (1) year term, two (2) Directors shall serve two (2) year terms, and two (2) Directors shall serve three (3) year terms. At the expiration of the initial term of office of each respective Director, a successor shall be elected to serve three (3) years. Each Director shall hold office until such Director's successor is elected by the Association and qualified. Any Director elected by the Owners shall serve for the remainder of the term of the Director replaced.

4.7 Vacancies. Subject to the Declarant's right to appoint and remove officers and members of the Executive Board during the period of Declarant Control as set forth in the Articles, vacancies in the Executive Board caused by any reason other than the removal of a director by a vote of the Association shall be fulfilled by election by the remaining directors, even though they may constitute less than a quorum; and each person so elected shall be a director until a successor is duly elected and qualified at the next annual meeting of the Association.

4.8 Removal of Directors. At any annual or special meeting of the Association, duly called, any one (1) or more of the directors may be removed (except those appointed by the Declarant), with or without cause, by the vote of Owners representing an aggregate ownership

interest of at least sixty-seven percent (67%) of the members present and entitled to vote at any such meeting and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Notwithstanding the foregoing, only the Declarant may remove a director appointed by the Declarant.

4.9 Organizational Meeting. The first meeting of a newly elected Executive Board shall be held within thirty days of such election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order to convene such meeting, providing a majority of the new Board shall be present at such election meeting.

4.10 Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held each year. Notice of regular meetings of the Executive Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

4.11 Special Meetings. Special meetings of the Executive Board may be called by the President, on his own initiative, on three (3) days' notice to each director, given personally, or by mail, telephone or telegraph, which notice shall set forth the time, place and purpose of the meeting. Special meetings of the Executive Board shall be called by the President or Secretary in like manner and on like notice on receipt of a written request to call such a special meeting from at least two (2) directors.

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

4.13 Executive Board Quorum. At all meetings of the Executive Board, a quorum is deemed present throughout any meeting if persons entitled to cast fifty percent (50%) of the votes on that board are present at the beginning of the meeting. The act of a majority of directors present at a meeting at which a quorum is present shall be the act of the Executive Board. If at any meeting of the Executive Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one (1) week until a quorum is obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.14 Compensation: Fidelity Bonds. The members of the Executive Board shall serve without salary or compensation. The Executive Board shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds or insurance. The premiums on such bonds or insurance shall be paid by the Association.

ARTICLE 5

OFFICERS

5.1 Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by the Executive Board. Further, the Executive Board may, in its discretion, elect one or more Vice Presidents, an Assistant Secretary and/or an Assistant Treasurer. The same person may hold the offices of Secretary and Treasurer.

5.2 Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. All officers, except officers appointed by Declarant, must be members of the Association and the President must be elected from among the Executive Board. One (1) person may hold concurrently the more than one office except that the President may not serve as both President and Secretary.

5.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Executive Board, or at any special meeting of the Board called for such purpose; provided, however, that only the Declarant may remove an officer appointed by the Declarant.

5.4 President. The President shall be elected from among the Executive Board and shall be the chief executive officer of the Association. The President shall preside at all meetings of the Association and of the Executive Board. The President shall have all of the general powers and duties which are usually vested in the office of the president of a non-profit corporation, including, but not limited to, the power to appoint committees from among the members from time to time as may be deemed appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the members of the Association at any regular or special meetings.

5.5 Vice President. The Vice President shall have all of the powers and authority and perform all the functions and duties of the President, in the absence of the President or in the

President's inability for any reason to exercise such powers and functions or perform such duties.

5.6 Secretary. The Secretary shall keep the minutes of all the meetings of the Executive Board and the minutes of all meetings of the Association; the Secretary shall have charge of such books and papers as the Executive Board may direct; and shall, in general perform all the duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last-known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the Lot owned by such member, the percentage interests in the Common Elements attributable thereto and a description of the Common Elements assigned appurtenant to each Lot. 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. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

5.7 Treasurer. The Treasurer shall have responsibility for Association funds, shall keep the financial records and books of account of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Executive Board. Assistant Treasurers, if any, shall have the same duties and powers, subject to supervision by the Treasurer.

ARTICLE 6

INDEMNIFICATION

6.1 Definitions. For purposes of this Article 6, the following terms shall have the meanings set forth below:

6.1.1 Proceeding. Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal;

6.1.2 Indemnified Party. Any person who is or was a party or is threatened to be made a party to any Proceeding by reason of the fact that he is or was a director or officer of the Association or a member of a committee formed by the Association or, while a director or officer of the Association or a member of a committee, is or was serving at the request of the Association as a director, officer, member, partner, trustee, employee or agent of another corporation,

partnership, joint venture, trust, committee or other enterprise including, without limitation, any employee benefit plan of the Association for which any such person is or was serving as a trustee, plan administrator or other fiduciary.

6.2 Indemnification.

6.2.1 Except as provided in paragraph 6.2.4 of this Section 6.2, the Association shall indemnify against liability incurred in any Proceeding an Indemnified Party if:

- I. He conducted himself in good faith;
- II. He reasonably believed:
 - (a) In the case of conduct in his official capacity with the Association that his conduct was in the Association's best interest; or
 - (b) In all other cases, that his conduct was at least not opposed to the Association's best interests; and
- III. In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful.

6.2.2 An Indemnified Party's conduct with respect to an employee benefit plan for a purpose he reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of subparagraph (b) of subparagraph II of paragraph 6.2 of this Section. An Indemnified Party's conduct with respect to an employee benefit plan for a purpose that he did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of subparagraph I of paragraph 6.2 of this Section.

6.2.3 The termination of any proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the individual did not meet the standard of conduct set forth in paragraph 6.2.1 of this Section.

6.2.4 The Association may not indemnify an Indemnified Party under this Section either:

- I. In connection with a Proceeding by or in the right of the Association in which the Indemnified Party was adjudged liable to the Association; or
- II. In connection with any proceeding charging improper personal benefit to the Indemnified Party, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

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

6.4 Right to Impose Conditions to Indemnification. The Association shall have the right to impose, as conditions to any indemnification provided or permitted in this Article 6, such reasonable requirements and conditions as to the Executive Board may appear appropriate in each specific case and circumstances including, without limitation, any one or more of the following: (a) that any counsel representing the person to be indemnified in connection with the defense or settlement of any Proceeding shall be counsel mutually agreeable to the person to be indemnified and to the Association; (b) that the Association shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the person to be indemnified; and (c) that the Association shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified person's right of recovery, and that the person to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the Association.

6.5 Non-Liability of the Director, Board, Officers and Declarant. Neither the Executive Board nor officers of the Association, nor Declarant shall be personally liable to the Owners for any mistake or judgment or for any acts or omissions of any nature whatsoever as such directors, Board, officers, or Declarant, except for any acts or omissions found by a court to constitute gross negligence or fraud.

ARTICLE 7

AMENDMENTS

7.1 Bylaws. These Bylaws may be amended by action or approval of Owners representing an aggregate ownership interest of at least sixty-seven (67%) of the votes of the Common Interest Community and any notice of any meeting therefor shall specify the nature and text of any proposed amendment or amendments, provided that these Bylaws shall at all times comply with the provisions of the Act and the Corporation Act.

7.2 Preparation of Amendments. The President and Secretary of the Association may prepare, execute, certify and record amendments to the Declaration.

ARTICLE 8

MISCELLANEOUS

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

8.2 Proof of Ownership. Except for those Owners who initially purchase a Lot from Declarant, every person becoming an Owner shall immediately furnish to the Executive Board a photocopy or a certified copy of the recorded instrument vesting in that person such 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.

8.3 Compliance. These Bylaws are intended to comply with the requirements of the Act and the Corporation Act. If any provisions of these Bylaws conflict with the provisions of any of such Acts, as the Acts may be amended from time to time, it is hereby agreed that the provisions of the appropriate Acts will apply.

8.4 Character of Association. This Association is not organized for profit. No member, member of the Executive Board, officer or person for whom the Association may receive any property or funds shall 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 distributed to, or inure to the benefit of, any of the Executive Board, officers or members, except upon a dissolution of the Association, provided, however, (1) that

reasonable compensation may be paid to any member, manager, director, or officer while acting as an agent or employee of the Association for service rendered in effecting one (1) or more of the purposes of the Association, and (2) that any member, manager, director, or officer 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.

8.5 Conveyances and Encumbrances. Corporate property may be purchased, conveyed or encumbered for security of monies borrowed by authority of the Association and/or the Executive Board. Conveyance or encumbrances shall be by instrument executed by the President or Vice President and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer, or executed by such other person or persons to whom such authority may be delegated by the Board.

8.6 Inspection of Records. Any Owner or first Mortgagee may inspect the Association's records of receipts and expenditures at any reasonable time during convenient weekday business hours, and, upon ten days' notice to the Executive Board or Managing Agent, if any, and upon payment of a reasonable fee, not to exceed FIFTY AND NO/100 DOLLARS (\$50.00), any Owner or first Mortgagee of such Owner shall be furnished a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner. Further, the Association shall make available for inspection during normal business hours, to any Owner, Mortgagee, insurer or guarantor of any Mortgage and to any prospective purchaser of a Lot, current copies of the Declaration, Bylaws, Articles of Incorporation, Rules and Regulations, and most recent financial statements of the Association.

ADOPTED by the Executive Board on _____, 1995.