

**BYLAWS
of
TWILIGHT TRAILS ESTATES OWNERS ASSOCIATION, INC.**

INTRODUCTION

These are the Bylaws of TWILIGHT TRAILS ESTATES OWNERS ASSOCIATION, INC., a community association. Capitalized and bolded terms are defined in Article 1 of the Declaration of Covenants, Conditions and Restrictions.

1 **ARTICLE 1**
(Name)

1.1 **Name.** The name of the corporation is TWILIGHT TRAILS ESTATES OWNERS ASSOCIATION, INC., hereinafter referred to as the "**Association.**"

2 **ARTICLE 2**
(Executive Board)

2.1 **Number and Qualification; Period of Declarant Control.** The affairs of the **Association** shall be governed by a **Board of Directors** (the "**Board**") which, until the termination of the period of Declarant control, shall consist of three persons, and following such date shall continue as three (3) persons unless amended, the majority of whom, excepting the **Directors** appointed by the Declarant, shall be parcel or **Lot Owners** (hereinafter "**Owners**"). The period of Declarant control shall continue until terminated by operation of law in accordance with Section 38-33.3-303 (5) and (6) of the Colorado Common Interest Ownership Act, as amended, or until Declarant voluntarily relinquishes such power in the manner provided in Section 3.1 of the Declaration. If any Lot is owned by a trust, partnership or corporation, any trustee, officer, partner or employee of that Owner shall be eligible to serve as a **Director** and shall be deemed to be an Owner for the purposes of the preceding sentence. **Directors** shall be elected by the **Owners**, except for those appointed by the Declarant. At any meeting at which **Directors** are to be elected, the **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.

2.2 **Terms and Term Limits.** At the first meeting of the **Association** the term of office of one **Director** shall be fixed for one (1) year, the term of office of one **Director** shall be fixed for two (2) years and the term of office of one **Director** shall be fixed for three (3) years. At the expiration of the initial term of office of each **Director**, his successor shall be elected to serve a term of three (3) years. Except as is otherwise provided by these By-laws, the **Directors** shall hold office until their successors have been elected and hold their first meeting.

2.2.1 Removal of Directors. The **Owners**, by a two-thirds vote of all persons present and entitled to vote, at any meeting of the **Owners** at which a quorum is present, may remove any **Director** of the **Board**, other than a **Director** appointed by the Declarant, with or without cause.

2.2.2 Resignation of Directors. Any **Director** may resign at any time by giving written notice to the President or the Secretary of the corporation. The resignation of any **Director** shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

2.2.3 Vacancies. Vacancies in the **Board** caused by any reason may be filed at a special meeting of the **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:

2.2.4 As to vacancies of **Directors** whom **Owners** other than the Declarant elected, by a majority of the remaining elected **Directors** constituting the **Board**, and

2.2.5 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.

2.2.6 Election of Multiple Directors. In an election of multiple **Directors**, that number of candidates equaling the number of **Directors** to be elected, having the highest number of votes cast in favor of their election, are elected to the **Board**. When only one **Director** is being voted upon, the affirmative vote of a majority of the members constituting a quorum at the meeting at which the election occurs shall be required for election to the **Board**.

2.3 **Powers and Duties.** The **Board** may act in all instances on behalf of the **Association**, except as provided in the Declaration, these Bylaws or the **Act**. The **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**, which shall include the powers and duties set forth in the Declaration.

2.4 **Standard of Care.** A **Director** shall perform his or her duties as a **Director**, including his or her duties as a member of any committee of the **Board** upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation, and with such judgment as an ordinarily prudent person in a like position would use under similar circumstances. In performing his or her duties, a **Director** shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in the sub-paragraphs; but he or she shall not be considered to be acting in good faith if he or she has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his or her duties shall not have any liability by reason of being or having been a **Director**. Those persons and groups on whose information, opinions, reports, and statements a **Director** is entitled to rely upon are:

2.4.1 One or more officers or employees of the corporation whom the **Director** reasonably believes to be reliable and competent in the matters presented;

2.4.2 Counsel, public accountants, or other persons as to matters which the **Director** reasonably believes to be within such persons' professional or expert competence or

2.4.3 A committee of the **Board** upon which he or she does not serve, duly designated in accordance with the provision of the Articles of Incorporation or the Bylaws, as to matters within its designated authority, which committee the **Director** reasonably believes to merit confidence.

ARTICLE 3
(Directors)

3.1 **Annual Meetings.** Annual meetings of **Owners** shall be held at least once a year on the last Wednesday in January. At these meetings, the **Board** shall be elected by ballot of the **Owners**, in accordance with the provisions of Article 2 of these Bylaws. The **Owners** may transact other business as may properly come before them at these meetings.

3.2 **Regular Meetings.** The first regular meeting of the **Board** following each annual meeting of the **Owners** shall be held within 10 days after the annual meeting at a time and place to be set by the **Owners** at the meeting at which the **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 **Board** may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings. Nothing in this Section shall prohibit oral notice to members of the **Board** concerning its matters and meetings.

3.3 **Special Meetings.** Special meetings of the **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.

3.3.1 Notice for Special Meetings. Written notice of any special meeting of **Directors** shall be given as follows:

3.3.1.1 By mail to each **Director** at his or her business address at least three days prior to the meeting; or

3.3.1.2 By personal delivery, facsimile, or electronically (e-mail) at least twenty-four hours prior to the meeting to the business address or residence address of each **Director**, or in the event such notice is given on a Saturday, Sunday or holiday, to the residence address of each **Director**. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by facsimile or e-mail, such notice shall be deemed to be delivered upon completion of transmission. Any **Director** may waive notice of any meeting. The attendance of a **Director** at any meeting shall constitute a waiver of notice of such meeting, except where a **Director** attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the **Board** need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or these Bylaws.

3.4 **Location of Meetings.** All meetings of the **Board** shall be held within the County of La Plata, unless all **Directors** consent in writing to another location.

3.5 **Waiver of Notice.** Any **Director** may waive notice of any meeting in writing. Attendance by a **Director** at any meeting of the **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.

3.6 **Compensation.** A **Director** may not receive a fee from the **Association** for acting as a **Director**, but shall receive reimbursement for necessary expenses actually incurred in connection with the **Director's** duties.

3.7 **Board Action** Except as otherwise required by law or by the Articles of Incorporation, the act of the majority of the **Directors** present at a meeting at which a quorum is present shall be the act of the **Board**.

3.7.1 Board Action in Lieu of Meeting. Any action required or permitted to be taken by the **Board** or by a committee thereof at a meeting may be taken without a meeting if each and every member of the **Board** in writing waives the right to demand that the meeting be held and either: (a) votes for such action or (b) votes against such action or abstains from voting. No action so taken shall be effective unless done in writing and describing the action taken, signed by all members of the **Board** and not revoked as set forth hereafter, are received by the **Association** (including electronically transmitted facsimile or other form of wire or wireless communication). Action taken pursuant to this section 3.7.1 shall be effective when the last writing necessary to effect the action is received by the corporation unless the writings describing the action taken set forth a different effective date. Any member of the **Board** who has signed a writing pursuant to this section 3.7.1 may revoke such writing by a writing signed and dated by the **Board** member describing the action and stating that the prior vote with respect thereto is revoked. Provided, however, such writing must be received by the **Association** before the last writing necessary to effect the action is received. All signed written instruments necessary for any action taken pursuant to this section shall be filed with the minutes of the meetings of the **Executive Board**.

3.7.2 Presumption of Assent. A **Director** who is present at a meeting of the **Board** at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a **Director** who voted in favor of such action.

3.7.3 Quorum of Directors. At all meetings of the **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 **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.

3.7.4 Telephone Communication in Lieu of Attendance. Any members of the **Board** or any committee designated by such **Board** may participate in a meeting of the **Board** or committee 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 **Board**. The **Director's** vote shall be counted and the presence noted as if that **Director** were present in person on that particular matter.

3.7.5 Committees. By resolution adopted by a majority of the **Executive Board**, the **Directors** may designate two or more **Directors** to constitute a committee, any of which shall have such authority in the management of the corporation as the **Executive Board** shall designate and as shall be prescribed by the Colorado Revised Nonprofit Corporation Act.

ARTICLE 4
(Owners)

4.1 **Annual Meeting of Owners.** The annual meeting of the **Owners** shall be held on the last Wednesday in January, for the purpose of electing **Directors**, and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Colorado, such meeting shall be held on the next succeeding business day. If the election of **Directors** shall not be held on the day designated herein for any annual meeting of the members, or at any adjournment thereof, the **Board** shall cause the election to be held at a special meeting of the members as soon thereafter as may be convenient.

4.1.1 **Informal Action.** If all of the **Owners** which are entitled to vote shall meet at any time and place, either within or outside the State of Colorado, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken; provided that a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

4.2 **Special Meetings.** Special meetings of the **Association** may be called by the President, by a majority of the members of the **Board** or by a written instrument signed by **Owners** comprising twenty percent (20%) of the votes. Special meetings shall take place in accordance with C.R.S. '7- 127-102, at such place, date, and time as is fixed by a resolution of the **Board**. Only business within the purpose or purposes specifically described in the notice of the meeting may be transacted.

4.3 **Meetings to Approve the Annual Budget.** At the annual meeting of the **Association** or at a special meeting of the **Association** called for such purpose, the **Owners** shall be afforded the opportunity to ratify a budget of the projected revenues, expenditures and reserves for the **Association's** next fiscal year as proposed by the **Board**. A summary of the proposed budget approved by the **Board** shall be mailed to the **Owners** within ninety (90) days after its adoption along with a written notice of a meeting of the **Association** to be held not less than fourteen (14) nor more than fifty (50) days after mailing of the summary to the **Owners** (or, in the alternative, together with a ballot and information sufficient to satisfy the provisions of Section 109 of the Colorado Revised Nonprofit Corporation Act). The Board shall attempt to adopt its proposed budget for the next fiscal year and provide it to the Owners so that the proposed budget can be considered by the Owners at their Annual Meeting. Unless sixty-seven percent (67%) of the total votes in the **Association** (i.e., **Owners** representing sixty-seven percent (67%) of all Units within the Community) veto the proposed budget, the budget is ratified. There are no quorum requirements for this meeting. In the event the proposed budget is rejected, the budget last ratified by the **Owners** continues until such time as the Unit **Owners** ratify a subsequent budget proposed by the **Executive Board** as provided above.

4.4 **Place of Meetings.** Meetings of the **Owners** shall be held at the Property or may be adjourned to a suitable place convenient to the **Owners**, as may be designated by the **Board** or the President.

4.5 **Notice of Meetings.** The secretary or other officer specified in the Bylaws shall cause notice of any meeting of the Owners to be hand delivered or sent prepaid by United States mail to the mailing address of each **Owner** or to the mailing address designated in writing by the **Owner**, not less than 14 nor more than 50 days in advance of a meeting. No action shall be adopted at a meeting except as stated in the notice.

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

4.7 **Adjournment of Meeting.** . At any meeting of **Owners**, a majority of the **Owners** who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

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

- 4.8.1 Roll call (or check-in procedure);
- 4.8.2 Proof of notice of meeting;
- 4.8.3 Reading of minutes of preceding meeting;
- 4.8.4 Reports;
- 4.8.5 Establish number and term of memberships of the **Board** (if required and noticed);
- 4.8.6 Election of **Directors** of the **Board** (when required);
- 4.8.7 Ratification of budget (if required and noticed);
- 4.8.8 Unfinished business; and
- 4.8.9 New business.

4.9 **Voting.** Unless otherwise provided by these Bylaws or the Articles of Incorporation, each **Owner** entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of members.

4.9.1 Voting By Ballot Voting on any question or in any election may be by voice vote, unless the presiding officer shall order or any member shall demand that voting be by ballot.

4.9.2 Voting by Mail. The **Board** may decide that voting of the **Owners** on any matter required or permitted by the statutes of Colorado, the Declaration, the Articles of Incorporation, or these Bylaws shall be by mail. Pursuant to the Colorado Revised Nonprofit Corporation Act, any action that may be taken at any annual regular or special meeting of the **Owners** may be taken without a meeting if the Secretary delivers a written ballot to every member entitled to vote on the matter.

4.9.2.1 A written ballot shall: (i) set forth each proposed action; and (ii) provide an opportunity to vote for or against each proposed action.

4.9.2.2 Approval by written ballot shall be 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.

4.9.2.3 All solicitations for votes by written ballot shall: (i) indicate the number of responses needed to meet the quorum requirements; (ii) state the percentage of approvals necessary to approve each matter other than election of members of the **Executive Board**; (iii) specify the time by which a ballot must be received by the **Association** in order to be counted; and (iv) be accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter.

4.9.2.4 A written ballot may not be revoked

4.9.3 Voting By Proxy A member entitled to vote may vote or otherwise act in person or by proxy. The proxy may be in any form authorized by the Corporation or by the Colorado Revised Nonprofit Corporation Act. The appointment of a proxy is revocable by the member, either by attending the meeting and voting in person or by signing and delivering to the Secretary of the Corporation or to another officer or agent authorized by the Corporation to tabulate proxy votes, a writing revoking the proxy or a writing making a subsequent appointment of another proxy.

4.9.4 Administration of Multiple or Entity Ownership and Voting 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 is 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**.

4.9.4.1 Acceptance of Votes. The vote of a corporation, limited liability company or business trust may be cast by any officer of that corporation or business trust or by the manager of the limited liability company in the absence of express notice of the designation of a specific person by the **Board** or bylaws of the owning corporation, limited liability company 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, limited liability company, partnership or business trust owner is qualified to vote. The votes allocated to a **Lot** owned by the **Association** may not be cast. The **Association's** acceptance of votes shall be governed by C.R.S. '7-127-204.

4.10 **Quorum.** Fifty percent (50%) of the **Owners** entitled to vote, represented in person, shall constitute a quorum at any meeting of **Owners**, except as otherwise provided by the Colorado Revised Nonprofit Corporation Act and the Articles of Incorporation. In the absence of a quorum at any such meeting, a majority of the members present may adjourn the meeting from time to time for a period not to exceed seventy days without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. Once a member is represented for any purpose at a meeting, including the purpose of determining that a quorum exists, the member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is set for that adjourned meeting.

4.11 **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.

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ARTICLE 5 (Officers)

5.1 **Designation.** The principal officers of the **Association** shall be the president, the secretary and the treasurer, all of whom shall be elected by the **Board from Board membership**. The **Board** may appoint other officers as it finds necessary. Any two offices may be held by the same person.

5.2 **Election of Officers.** The officers of the **Association** shall be elected annually by the **Board** at the organizational meeting of each new **Board**. They shall hold office at the pleasure of the **Board**.

5.3 **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 **Board** or at any special meeting of the **Board** called for that purpose.

5.4 **President.** The president shall be the chief executive officer of the **Association**. The president shall preside at all meetings of the **Owners** and of the **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 **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.

5.5 **Secretary.** The secretary shall keep the minutes of all meetings of the **Owners** and the **Board**. The secretary shall have charge of the **Association's** books and papers as the **Board** may direct and shall perform all the duties incident to the office of secretary of a non-stock 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.

5.6 **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 **Board** and shall perform all the duties incident to the office of treasurer of a non-stock 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 **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 **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**.

5.7 **Compensation.** Officers of the **Association** shall not receive a fee from the **Association**, for acting as an officer, but shall receive reimbursement for necessary expenses actually incurred in connection with **Association** duties.

(Violations)

6.1 **Abatement and Enjoinment of Violations by Owners.** In addition to any other rights set forth in these Bylaws and except in case of an emergency, the violation of any of the Rules and Regulations adopted by the **Board** or the breach of any provision of the Declaration shall give the **Board** the right, after notice and hearing:

6.1.1 To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

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ARTICLE 7

(Corporate Finances, Books and Records)

7.1 **Fiscal Year.** The **Executive Board** shall establish the fiscal year of the **Association**.

7.2 **Working Capital.** A working capital fund is to be established by no later than thirty days after the first annual meeting of the **Board**. Any amounts paid into this fund shall not be considered as advance payment of assessments and is non-refundable. Until paid to the **Association**, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on each **Lot** pursuant to the Colorado Common Interest Ownership Act (the “**Act**”). Until termination of Declarant control of the **Board**, the working capital shall be deposited in a segregated fund. While the Declarant is in control of the **Board**, the Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

7.3 **Reserves.** As a part of the adoption of the regular budget, the **Board** shall include an amount which, in its reasonable business judgment, will establish and maintain an adequate reserve fund.

7.4 **Records and Audits.** The **Association** shall maintain financial records. The financial records shall be maintained and audited in accordance with the Declaration. The cost of the audit shall be a Common Expense unless otherwise provided in the Declaration.

7.5 **Examination.** All records maintained by the **Association** shall be available for examination and copying by any Unit **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.

7.6 **Records.** The **Association** shall keep the following records:

7.6.1 An account for each **Lot**, which shall designate the name and address of each **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 dates on which each assessment comes due, the amounts paid on the account and the balance due;

7.6.2 An account for each **Owner** showing any other fees payable by the **Owner**;

7.6.3 A record of any capital expenditures in excess of [\$3,000] approved by the **Board** for the current and next two succeeding fiscal years;

7.6.4 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;

7.6.5 The most recent regularly prepared balance sheet and income and expense statement, if any, of the **Association**;

7.6.6 The current operating budget;

7.6.7 A record of any unsatisfied judgments against the **Association** and the existence of any pending suits in which the **Association** is a defendant.

7.6.8 A record of insurance coverage provided for the benefit of **Owners** and the **Association**;

7.6.9 A record of any alterations or improvements to or Common Elements which violate any provisions of the Declarations of which the **Board** has knowledge;

7.6.10 A record of any violations, with respect to any **Lot** of health, safety, fire or building codes or laws, ordinances, or regulations of which the **Board** has knowledge;

7.6.11 A record of the actual cost, irrespective of discounts and allowances, of the maintenance of the Common Elements;

7.6.12 Balance sheets and other records required by local corporate law;

7.6.13 Tax returns for state and federal income taxation;

7.6.14 Minutes of proceedings of incorporators, **Owners**, **Directors**, committees of **Directors** and waivers of notice; and

7.6.15 A copy of the most current versions of the Declaration, Bylaws, Rules and Regulations and resolutions of the **Board**, along with their exhibits and schedules.

7.7 **Agreements, Contracts, Deeds, Checks, etc.** The **Board** may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

7.7.1 Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the **Board**. Such authority may be general or confined to specific instances.

7.7.2 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the **Board**.

7.7.3 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the **Board** may select.

7.7.4 Gifts. The **Board** may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes of or for any special purposes of the corporation.

7.8 **Statements of Unpaid Assessments.** The treasurer, or, in the treasurer's 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 **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.

8 **ARTICLE 8**
(Amendments)

8.1 These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority of the **Directors** present at any meeting of the **Board** at which a quorum is present.

9 **ARTICLE 9**
(General Provisions)

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

9.2 **Corporate Seal.** The **Executive Board** may provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words "CORPORATE SEAL."

9.3 **Nondiscrimination.** The officers, **Directors**, committee members, employees and persons served by this corporation shall be selected entirely on a nondiscriminatory basis with respect to age, sex, race, religion, national origin and sexual orientation.

9.4 **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.

9.5 **Notices to Association.** All notices for the **Association** or the **Board** shall be delivered to the office of the **Association**, or to such other address as the **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 Unit **Owner's** address as it appears in the records of the **Association**. All notices to holders of Security Interests in the Units 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 changes of address, which shall be deemed to have been given when received.

9.6 **Waivers of Notice - Generally.** Whenever any notice is required to be given under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Colorado Revised Nonprofit Corporation Act, or otherwise, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the event or other circumstance requiring such notice, shall be deemed equivalent to the giving of such notice.

ARTICLE 10
(Indemnification)

10.1 **Indemnification of Directors and Officers.** Except in connection with a proceeding by or in the right of the **Association** in which the **Director** and/or Officer was adjudged liable to the **Association**; or in connection with any other proceeding charging that the **Director** and/or Officer derived an improper personal benefit, whether or not involving action in an official capacity, in which proceeding the **Director** and/or Officer was adjudged liable on the basis that the **Director** and/or Officer derived an improper personal benefit, the **Association** shall indemnify a person made a party to a proceeding because the person is or was a **Director** and/or Officer against liability incurred in the proceeding if:

10.1.1 The person's conduct was in good faith; and

10.1.2 The person reasonably believed:

10.1.2.1 In the case of conduct in an official capacity with the **Association**, that the conduct was in the **Association's** best interests; and

10.1.2.2 In all other cases, that the conduct was at least not opposed to the **Association's** best interests; and

10.1.2.3 In the case of any criminal proceeding, the person had no reasonable cause to believe the conduct was unlawful.

10.2 **Advance of Expenses.** The **Association** may pay for or reimburse the reasonable expenses (including all legal fees and costs incurred and expert witness fees from the time the claim is first asserted until resolved) incurred by a **Director** and/or Officer who is a party to a proceeding in advance of final disposition of the proceeding if:

10.2.1 The **Director** and/or Officer furnishes to the **Association** a written affirmation of the **Director** and/or Officer's good faith belief that the **Director** and/or Officer has met the standard of conduct described in this Article

10.2.2 The **Director** and/or Officer furnishes to the **Association** a written undertaking, executed personally or on the **Director** and/or Officer's behalf, to repay the advance if it is ultimately determined that the **Director** and/or Officer did not meet the standard of conduct; and

10.2.3 A determination is made that the facts then known to those making the determination would not preclude indemnification under this Article or the Colorado Revised Nonprofit Corporation Act.

The undertaking required by 10.2.2 shall be an unlimited general obligation of the **Director** and/or Officer but need not be secured and may be accepted without reference to financial ability to make repayment.

10.3 **Determination and Authorization of Indemnification of Director and/or Officers.**

10.3.1 The **Association** may not indemnify a **Director** and/or Officer unless authorized in the specific case after a determination has been made that indemnification of the **Director** and/or Officer is permissible in the circumstances because the **Director** and/or Officer has met the standard of

conduct set forth in this Section. The **Association** shall not advance expenses to a **Director** and/or Officer unless authorized in the specific case after the written affirmation and undertaking as required by this Article are received and the determination required by this Article has been made.

10.3.2 The determinations required by this Section shall be made:

10.3.2.1 By the **Board of Directors** and/or Officers by a majority vote of those present at a meeting at which a quorum is present, and only those **Directors** and/or Officers not parties to the proceeding shall be counted in satisfying the quorum; or

10.3.2.2 If a quorum cannot be obtained, by a majority vote of a committee of the **Executive Board** designated by said Board, which committee shall consist of two or more **Directors** not parties to the proceeding; except that the **Directors** who are parties to the proceeding may participate in the designation of **Directors** for the committee.

10.3.3 If a quorum cannot be obtained as contemplated in paragraph 10.3.2.1, and a committee cannot be established under paragraph 10.3.2.2, or, even if a quorum is obtained or a committee is designated, if a majority of the **Directors** constituting such quorum or such committee so directs, the determination required to be made by subsection (1) of this section shall be made:

10.3.3.1 By independent legal counsel selected by a vote of the Board or the committee in the manner specified in paragraphs 10.3.2.1 or 10.3.2.2 or, if a quorum of the full board cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full Board; or

10.3.3.2 By the voting members, but voting members who are also **Directors** and who are at the time seeking indemnification may not vote on the determination.

10.3.4 Authorization of indemnification and advance of expenses shall be made in the same manner as the determination that indemnification or advance of expenses is permissible; except that, if the determination that indemnification or advance of expenses is permissible is made by independent legal counsel, authorization of indemnification and advance of expenses shall be made by the body that selected such counsel.

ATTEST:

Certified to be the Bylaws adopted by consent of the Directors of TWILIGHT TRAILS ESTATES OWNERS ASSOCIATION, INC., dated this ____ day of _____, 2006.

Secretary
