

THE
BYLAWS
OF
THE CASA VERDE CONDOMINIUM ASSOCIATION

9/4/02

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BYLAWS
OF
THE CASA VERDE CONDOMINIUM ASSOCIATION
(A Nonprofit Colorado Corporation)

ARTICLE ONE: OBJECT

1.1 Association. **THE CASA VERDE CONDOMINIUM ASSOCIATION** (the "Association") is a nonprofit corporation, organized under the Colorado Revised Nonprofit Corporation Act (the "Nonprofit Act") to operate in accordance with the Colorado Common Interest Ownership Act (the "Act"). These Bylaws are adopted for the administration, regulation and management of the affairs of the Association.

1.2 Purposes. The purposes for which the Association is formed are: (a) to promote the interests and the welfare, and be for the common benefit of the Owners of the residential community known as **THE CASA VERDE CONDOMINIUM COMMUNITY** ("Condominium Community"), located in Colorado Springs, Colorado, the Members of the Association and their Guests; (b) to be and to constitute the Association to which reference is made in **THE CONDOMINIUM DECLARATION OF THE CASA VERDE CONDOMINIUMS** ("Declaration") recorded or to be recorded against the Condominium Community in the El Paso County, Colorado records; (c) to govern, in accordance with the Colorado Common Interest Ownership Act, the Colorado Revised Nonprofit Corporation Act, the Declaration, and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association; and (d) to provide for the administration, maintenance, repair and reconstruction of the Common Elements as provided for in the Declaration.

1.3 Terms Defined in Declaration. Terms used in these Bylaws which are defined in the Declaration shall have the same meaning and definition in these Bylaws as such terms have in the Declaration.

ARTICLE TWO: OFFICES

2.1 Principal Office. The principal office and place of business of the Association shall be designated from time to time by the Board of Directors.

2.2 Registered Office and Agent. The initial registered office and the initial registered agent are specified in the Articles of Incorporation of the Association.

ARTICLE THREE: MEMBERSHIP

The Association shall have members. There shall be one class of membership who shall be every record Owner of a Unit subject to the Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of such Unit shall be the sole qualification for such membership. Where more than one person holds interest in any Unit, all such persons shall be Members.

ARTICLE FOUR: VOTING

4.1 Voting Entitlement. The Association shall have one class of voting membership. Owners shall be entitled to one vote for each Unit owned in the Condominium Community; provided, however, in any election of Directors, each Owner shall have the number of votes equal to the number of Directors to be elected, one vote to be cast for each Director.

The vote for such Unit, the ownership of which is held by more than one Owner, may be exercised by anyone of them, unless an objection or protest by any other holder of an interest of the Unit is made prior to the completion of the vote, in which case the vote for such Unit shall be exercised as the persons holding such interest shall determine between themselves. Should the joint Owners of a Unit be unable, within a reasonable time, to agree upon how they will vote any issue, they shall be passed over and their right to vote on such issue shall be lost. In no event shall more than one vote be cast with respect to any such Unit.

4.2 Quorum and Manner of Voting. The presence at a meeting of Members of the Association and members' proxies to which at least 50 % of the votes in the Association are allocated shall constitute a quorum for any action, unless a greater number is required by law or the Project Documents.

If such quorum shall not be present or represented by proxy at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

Action on any matter is approved if there has been cast at least 80 % of votes in the affirmative by members who are entitled to vote thereon at a meeting at which a quorum is present.

4.3 Proxies. At all meetings of the Association, each member may vote by proxy by signing an appointment form appointing another member of the Association. A member may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, facsimile or electronic mail transmission providing a written statement of the appointment to the proxy. The proxy shall be filed with the Secretary of the Association before or at the time of the meeting. The appointment of a proxy is effective when received by the Association and is valid for eleven months unless a different period is expressly provided in the proxy.

An appointment of a proxy is revocable by the appointing member and may be revoked by attending any meeting and voting in person or signing and delivering to the Secretary either a writing stating that the proxy is revoked or a subsequent appointment form.

Any proxy given in accordance with the above includes the right of the proxy to substitute a successor proxy. A member may hold only one proxy at a time.

ARTICLE FIVE: MEETINGS OF THE ASSOCIATION

5.1 Place of Meetings. Meetings of the Association shall be held at such place within the County as the Board of Directors may determine.

5.2 Annual Meeting. The Annual Meeting of the Association shall be held at a time, date and place established by the Board of Directors each year for the purpose of electing members of the Board of Directors of the Association to replace members whose terms are expiring and for transaction of such other business as may come before the meeting.

5.3 Special Meetings. Special Meetings of the Association may be called at any time by the Board of Directors, or by written demand of the members stating the purpose or purposes for calling the meeting signed by members to which at least 20 % of the votes in the Association are allocated.

Special Meetings shall be held at such reasonable time and place within the County as may be designated by the authority calling such meeting. The purpose of any Special Meeting of the members shall be stated in such notice. Only business within the purpose or purposes described in the notice may be conducted at a Special Meeting.

5.4 Notice of Meetings. Notice shall be given to each member entitled to vote at a meeting in a fair and reasonable manner at least 10 days before the date of the meeting.

Notice of a Special Meeting shall include a description of the purpose or purposes of the meeting. Notice of an Annual Meeting need not include a description of the purpose or purposes except the purpose or purposes shall be stated with respect to an amendment to the Articles of Incorporation or Bylaws of the Association, merger, a sale, lease or exchange of all or substantially all of the property of the Association, dissolution of the Association, restatement of the Articles of Incorporation or Bylaws of the Association, any proposal to remove an Officer or Director from office, any other purpose for which a statement of purpose is required by Law or the Project Documents.

5.5 Adjournment of Meeting. When a meeting is adjourned to another date, time or place, notice need not be given of the new date, time or place if the new date, time or place of such meeting is announced before adjournment of the meeting at which the adjournment is taken. At the adjourned meeting the Association may transact any business which may have been transacted at the original meeting.

5.6 Meetings by Telecommunication. Any or all of the members may participate in an Annual or Special Meeting, or the meeting may be conducted through the use of any means of communication by which all members participating in the meeting can hear each other during the meeting. A member participating in a meeting in this manner is deemed to be present in person at the meeting.

5.7 Budget Meetings:

(a) Annual Budget Meetings. Notwithstanding the above, in accordance with § 38-33.3-303 of the Colorado Common Interest Ownership Act, the Board of Directors shall cause to be prepared, at least 60 days prior to the commencement of each calendar year, the Budget for such calendar year. Within 30 days after the adoption of any Budget by the Board, the Board shall mail, by ordinary first-class mail, or otherwise deliver, a summary of the Budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the Budget not less than 14 days nor more than 60 days after delivery of the summary.

The Budget shall be deemed ratified when it is approved by 80 % of the Owners present, either in person or by proxy, at a meeting called for that purpose. In the event the Budget is rejected, the Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget adopted by the Board of Directors.

(b) Amended Budget Meetings. If the Board of Directors deems it necessary or advisable to amend a Budget that has been ratified by the Owners pursuant to Paragraph 5.7 (a) above, the Board may adopt a proposed amendment to the Budget, deliver a summary of the proposed amendment to all Owners and set a date for a meeting of the Owners to consider ratification of the proposed amendment. The date of such meeting shall not be less than 14 days, nor more than 60 days, after the delivery of the summary of the proposed amendment.

The amended Budget shall be deemed ratified when it is approved by 80 % of the Owners present, either in person or by proxy, at a meeting called for that purpose.

ARTICLE SIX: THE BOARD OF DIRECTORS

6.1 Number. The affairs of the Association shall be governed by a Board of Directors composed of five members.

6.2 Board of Directors During the Period of Declarant Control. Subject to the provisions of Paragraph 6.3 below, there is a "Period of Declarant Control" during which Period the Declarant shall appoint and may remove any officer of the Association or any member of the Board of Directors.

The Period of Declarant Control is the length of time commencing with the recording of the Declaration and terminating seven years thereafter; provided, however, the Period of Declarant Control in any event terminates upon the earlier happening of (a) no later than 60 days after conveyance of 75 % of the Units That May Be Created to owners other than the Declarant or (b) two years after the last conveyance of a Unit by the Declarant in the ordinary course of business.

The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of the Period of Declarant Control. In that event, the Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

6.3 Election by Owners.

(a) Not later than 60 days after conveyance of 25 % of Units That May Be Created to Owners other than the Declarant, at least one member and not less than 25 % of the members of the Board of Directors shall be elected by Members other than the Declarant.

(b) Not later than 60 days after conveyance of 50% of Units That May Be Created to Owners other than the Declarant, not less than 33 1/3 % of the members of the Board of Directors must be elected by Members other than the Declarant.

Not later than the termination of the Period of Declarant Control, as set forth in Paragraph 6.2 above, the Board shall call a Special Meeting of the Association, at which meeting the members shall elect five persons (a majority of whom must be Members other than the Declarant), to serve on the Board of Directors until the next Annual Meeting of the Association. Upon such election, the Directors then serving in office shall submit their resignations.

6.4 The Board of Directors After the Period of Declarant Control. At the first Annual Meeting of the Association after the termination of the Period of Declarant Control and at each Annual Meeting thereafter, Directors shall be elected.

The initial terms of the elected Directors shall be fixed at the time of their election as they among themselves determine. The term of one Director shall be fixed at one year, the term of two Directors shall be fixed at two years, and the term of two Directors shall be fixed at three years. At the expiration of the term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of three years.

Directors shall continue in office until their successors have been duly elected and qualified, unless a Director resigns, is removed or becomes disqualified to be a Director.

A Director may be re-elected, but shall serve no more than two consecutive full three year terms.

The number of Directors and their terms may be changed by amendment to these Bylaws.

6.5 Qualifications. An elected Director must be an owner of a Unit within the Condominium Community or be an officer of a corporate owner of a Unit, or a partner in a partnership owning a Unit, or a trustee of a trust owning a Unit, or a manager of a limited liability

company owning a Unit within the Condominium Community. If a Director ceases to be an owner of a Unit, or a corporate officer, partner, trustee or manager of an entity which owns a Unit, such Director's term as Director shall immediately terminate, and a new Director shall be selected as promptly as possible to take such Director's place.

Directors appointed by the Declarant must be Owners.

6.6 Resignation of Directors. Any Director may resign at any time by giving written notice to the Secretary of the Association, stating the effective date of such resignation. Acceptance of such resignation shall not be necessary to make the resignation effective.

6.7 Removal. Any member of the Board of Directors other than a Director appointed by the Declarant may be removed by the members with or without cause at a meeting duly called for and stating that purpose at which a quorum is present by a vote of 80 % of members present.

6.8 Vacancy on the Board. Any vacancy in the Board of Directors shall be filled as soon as possible. A Director appointed to fill a vacancy shall be appointed for the unexpired term of such person's predecessor in office and until such person's successor is duly elected and shall have qualified. Any position on the Board of Directors to be filled by reason of an increase in the number of Directors shall be filled by a vote of the members as soon as practicable after the time such increase is authorized.

Vacancies of Directors whom the Declarant appointed shall be appointed by the Declarant.

6.9 Committees. The Board may establish one or more committees. Such committees may provide such advice, service and assistance as requested, but may not exercise any power or authority reserved to the Board of Directors.

ARTICLE SEVEN: MEETINGS OF THE BOARD OF DIRECTORS

7.1 Regular :Meetings. Regular meetings of the Board of Directors shall be held as the needs of the Association dictate, but at least semi-annually, at such place and hour as may be fixed from time to time by the Board.

7.2 Annual Meeting. The Annual Meeting of the Board of Directors shall be held immediately following and in the same place as the Annual Meeting of the Association in each calendar year, or on such other date and at such time and at such place as the President may determine. The Annual Meeting of the Board of Directors shall be for the purpose of electing officers and for the transaction of such other business as may come before the meeting.

7.3 Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors.

7.4 Purpose of Meetings. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

7.5 Quorum; Voting. A quorum at all meetings of the Board of Directors shall consist of a majority of the directors holding office. Less than a quorum may adjourn from time to time without further notice until a quorum is secured. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

For purposes of determining a quorum and for purposes of casting a vote, a Director may be deemed to be present and to vote if the Director grants a signed, written proxy to another Director. The proxy must direct a vote to be cast with respect to a particular proposal that is described with reasonable specificity in the proxy. No other proxies are allowed. Only one proxy may be held by a Director.

7.6 Compensation. The Board of Directors may reimburse any member of the Board of Directors for reasonable expenses incurred in connection with service on the Board.

7.7 Notice. Notice of the date, time and place of any Special Meeting of the Board shall be given to each Director at least five days prior to the meeting in a reasonable manner.

7.8 Telephonic Meetings. The Board of Directors may permit any Director to participate in an Annual or Special Meeting of the Board of Directors through the use of any means of communication by which all Directors participating in the meeting can hear each other during the meeting. A Director participating in a meeting in this manner is deemed to be present in person at the meeting.

7.9 Standard of Conduct for Directors and Officers. Each Director and Officer shall perform their duties as a Director or Officer in good faith, in a manner the Director or Officer reasonably believes to be in the best interests of the Association, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

In the performance of their duties, a Director or Officer 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 the persons designated below.

A Director or Officer shall not be considered to be acting in good faith if the Director or Officer has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A Director or Officer shall not be liable to the Association or its members for any action the Director or Officer takes or omits to take as a Director or Officer if, in connection with such action or omission, the Director or Officer performs their duties in compliance with this Paragraph. A Director or Officer, regardless of title, shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association.

The designated persons on whom a Director or Officer are entitled to rely are: one or more Officers or employees of the Association whom the Director or Officer reasonably believes to be reliable and competent in the matters presented; legal counsel, professional property manager, public accountant, or other persons as to matters which the Director or Officer reasonably believes to be within such person's professional or expert competence; or a committee of the Board of Directors on which the Director or Officer does not serve if the Director reasonably believes the committee merits confidence.

7.10 Dispute Resolution. If the Board of Directors shall be equally divided respecting the management of the Condominium Community, the business affairs of the Association, or any aspect thereof, no Member or Director shall have the right in a suit at law or in equity because of such deadlock.

Any such equal division shall be resolved by binding arbitration in accordance with the Colorado Arbitration Act proceeding under the Rules of the American Arbitration Association. The parties shall agree upon a single arbitrator who shall be an experienced professional manager of a residential condominium project. In the event the parties are unable to agree upon an arbitrator within 30 days after written notice, the presiding judge of the County's District Court shall appoint an arbitrator qualified as set forth above upon application of a party. The arbitrator shall have authority, in the sound exercise of discretion, to award the prevailing party such party's costs and expenses, including reasonable attorney's fees.

Judgment upon the determination of the arbitrator shall be entered and enforced by the County's District Court.

ARTICLE EIGHT: POWERS AND DUTIES

Powers and Duties. The Board of Directors shall have the powers and duties necessary, desirable or appropriate for the administration of the affairs of the Association and for the operation and maintenance of the Condominium Community. These duties may include, but are not limited to, the duties set forth in L-6 Declaration and as follows:

- (a) developing the budget for the Association;
- (b) assessing and collecting Association dues;
- (c) maintaining necessary insurance for the Association;
- (d) paying any necessary taxes;
- (e) providing for the maintenance of the Common Elements; and
- (f) providing for the contractual performance of the Association for all contractual agreements to which the Association is a party.

ARTICLE NINE: OFFICERS AND THEIR DUTIES

9.1 Enumeration of Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, and such other officers as the Board of Directors may from time to time by

resolution create. All officers must be Owners and members of the Board of Directors.

9.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors and thereafter at the first meeting of the Board of Directors following each Annual Meeting of the Association.

9.3 Term. The officers shall be elected annually by the Board of Directors and each shall hold office for one year unless such officer shall sooner die, resign or shall be removed or otherwise disqualified to serve.

9.4 Resignation and Removal. Any officer may be removed from office with or without cause by the Board of Directors. Any officer may resign at any time by giving written notice to the president. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

9.5 Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

9.6 Multiple Offices. Any two offices may be held by the same person, except that of the President.

9.7 Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign on behalf of the Association all leases, mortgages, deeds, notes and other written instruments; and shall exercise and discharge such other duties as may be required of the President by the Board of Directors.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of the Vice President by the Board of Directors.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Association; serve notice of meetings of the Board of Directors and of the Association; keep appropriate current records showing the members together with their addresses; and shall perform such other duties as required by the Board of Directors.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall prepare checks to disburse such funds as directed by the Board of Directors and keep proper books of account, prepare an annual budget and a statement of income and expenditures to be presented to the members at the regular Annual Meeting of the Association. All checks will be signed only by one or more other directors appointed by the Board.

ARTICLE TEN: ASSOCIATION DOCUMENTS

10.1 Execution of Instruments. All agreements, contracts, deeds, leases, notes and other instruments of the Association may be executed by any officer as designated by resolution of the Board of Directors. Checks or other drafts shall be prepared by the then appointed Treasurer, but shall be executed and signed as drawer by another officer as designated by resolution of the Board of Directors (other than the then appointed Treasurer). In the absence of such designation, the President shall have such authority. Any officer may prepare, execute, certify and record valid Amendments to the Declaration on behalf of the Association upon approval of 80 % of the Owners present, in person or by proxy, at a special meeting of the Association, provided such Amendments satisfy the requirements of the Declaration ARTICLE FOURTEEN.

10.2 Statements of Unpaid Assessments/Transfer Fees. Any officer as designated by resolution of the Board of Directors may prepare, certify and execute statements of unpaid assessments.

The Association may charge a reasonable fee for preparing these Statements of Unpaid Assessments and for transferring a membership on the books and records of the Association. Any unpaid fees may be assessed as an Individual Assessment against the Unit for which the certificate or statement is furnished.

10.3 Inspection and Copying: of Association Records. Upon written demand delivered at least five business days before the date on which a member wishes to inspect and copy any of the records identified in these Bylaws, a member or its agent is entitled to inspect and copy such records during regular business hours at the Association's office. The Association may impose a reasonable charge, covering the costs of labor and material, for copies of the documents provided.

The charge may not exceed the estimated cost of production and reproduction of the records. Members entitled to inspect these records must also meet the following requirements: the demand must be made in good faith and for a proper purpose; the member must describe with reasonable particularity the purpose and the records the member desires to inspect; and the records must be directly connected with the described purpose. The rights set forth herein may not be abolished or limited by the Articles of Incorporation or the Bylaws of the Association.

ARTICLE ELEVEN: NOTICE AND HEARING PROCEDURE

11.1 Procedure. The Board shall not impose a Fine, Individual Assessment, suspend voting rights, or infringe upon any other rights of a member or other occupant for violations of Rules and Regulations of the Association or of the Declaration unless and until the following procedure is followed:

(a) Demand for Abatement. Written demand to cease and desist from the alleged violation shall be personally served upon the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation;
- (iii) a time period, not less than ten days, during which the violation may be abated without further sanction, if such violation is a continuing one. If such violation is not a continuing one, a statement that any additional similar violation could result in the imposition of a sanction after Notice and Hearing.

(b) Notice. If the violation continues past the time period allowed in the Demand for Abatement or if the same violation subsequently occurs, the Board or its agent shall serve the violator with written notice of a Hearing to be held by the Board. The notice shall contain:

- (i) the alleged violation;
- (ii) the time and place of the Hearing, which time shall not be less than ten days from the giving of the Notice;
- (iii) an invitation to attend the Hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) Hearing. The Hearing shall be held pursuant to this Notice affording the Member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of Notice and the Invitation to be Heard shall be placed in the Minutes of the Hearing. Such proof shall be deemed adequate if a copy of the Notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such Notice. The Notice requirement shall be deemed satisfied if the alleged violator appears at the Hearing.

Failure by the Owner to attend the Hearing after due notice shall be considered a default and shall be subject to the sanctions set forth above.

In no event shall the Board suspend a Member's right to use the Condominium Community amenities, or his or her voting rights for infraction of the Association's Project Documents for a period in excess of 60 days from the date the infraction ceases.

11.2 Minutes. The Minutes of the Hearing shall contain a written statement of the results of the Hearing and the sanction, if any, imposed. The decision of the Board shall be final.

11.3 Nonpayment of Assessments. These procedures shall not be necessary in order to impose any sanction or penalty for nonpayment of Assessments.

ARTICLE TWELVE: AMENDMENTS

These Bylaws may be amended at any Annual Meeting of the Association or at any Special Meeting called for the purpose of amending the Bylaws, by a vote of 80% the Members present.

During the Period of Declarant Control, any proposed amendment of any provisions of these Bylaws shall not be effective unless Declarant has given its written consent to such amendment.

ARTICLE THIRTEEN: INDEMNIFICATION

13.1 General Provisions. The Association shall indemnify 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 such person is or was a Director or Officer of the Association, against expenses including attorney's fees, liability, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such proceeding if such person: acted in good faith, reasonably believed, in the case of conduct in an official capacity with the Association, that the conduct was in the best interests of the Association, and, in all other cases, that the conduct was at least not opposed to the best interests of the Association, and with respect to any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful.

However, no person shall be entitled to indemnification under this Paragraph 13.1 either: in connection with a proceeding brought by or in the right of the Association in which the Director or Officer was adjudged liable to the Association, or in connection with any other proceeding charging improper personal benefit to the Director or Officer, whether or not involving action in that person's official capacity, in which the Officer or Director is ultimately adjudged liable on the basis that the Director or Officer improperly received personal benefit.

Indemnification under this Paragraph 13.1 in connection with a proceeding brought by or in the right of the Association shall be limited to reasonable expenses incurred in connection with the proceeding. The termination of any action, suit or proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself be determinative that the person did not meet the standard of conduct set forth in this Paragraph 13 .1.

13.2 Successful Defense on the Merits: Expenses. To the extent that a Director or Officer of the Association has been wholly successful on the merits in defense of any proceeding to which he or she was a party, such person shall be indemnified against reasonable expenses, including attorney's fees actually and reasonably incurred in connection with such proceeding.

13.3 Determination of Right to Indemnification. Any indemnification under Paragraph 13.1 (unless ordered by a court) shall be made by the Association only as authorized in each specific case upon a determination that indemnification of the Director or Officer is permissible under the circumstances because such person met the applicable standard of conduct set forth in Paragraph 13. 1.

Such determination shall be made: by the Board of Directors by a majority vote of a quorum of disinterested directors who at the time of the vote are not, were not, and are not threatened to be made parties to the proceeding, or if such a quorum of the Board of Directors cannot be obtained by independent legal counsel selected by the Board of Directors. Authorization of indemnification and evaluation as to the reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that, if the determination that indemnification is permissible is made by independent legal counsel, authorization of indemnification and evaluation of legal expenses shall be made by the body that selected such counsel.

13.4 Advance Payment of Expenses: Undertaking to Repay. The Association shall pay for or reimburse the reasonable expenses including attorney's fees incurred by a Director or Officer who is a party to a proceeding in advance of the final disposition of the proceeding if: the Director or Officer furnishes the Association a written affirmation of the Director's or Officer's good faith belief that the person has met the standard of conduct set forth in Paragraph 13. 1, the Director or Officer furnishes the Association with a written undertaking, executed personally or on the Director's or Officer's behalf, to repay the advance if it is determined that the person did not meet the standard of conduct set forth in Paragraph 13.1.

Such undertaking shall be an unlimited general obligation of the Director or Officer but which need not be secured and which may be accepted without reference to financial ability to make repayment; and a determination is made by the body authorizing indemnification that the facts then known to such body would not preclude indemnification.

13.5 Other Employees and Agents, The Association shall indemnify such other employees and agents of the Association to the same extent and in the same manner as is provided above in Paragraph 13.1 with respect to Directors and Officers, by adopting a resolution by a majority of the members of the Board of Directors specifically identifying by name or by position the employees or agents entitled to indemnification.

13.6 Non-exclusivity of Paragraph. The indemnification provided by this Paragraph shall not be deemed exclusive of any other rights and procedures to which one indemnified may be entitled under the Articles of Incorporation, any bylaw, agreement, resolution of disinterested directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director or Officer, and shall inure to the benefit of such person's heirs, executors and administrators.

ARTICLE FOURTEEN: MISCELLANEOUS

14.1 Financial Statements. Any mortgagee shall be entitled, upon written request, to an audited Financial Statement for the immediately preceding fiscal year at such mortgagee's expense. Any Financial Statements so requested shall be furnished within a reasonable time following such request.

14.2 Minutes. At all Meetings of the Association and at all meetings of the Board of Directors, minutes shall be taken and kept in a permanent file and be available for review by the members in accordance with Paragraph 10.3 hereof.

14.3 Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, unless changed by the Board of Directors. The first year shall begin on the date of incorporation.

14.4 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.

14.5 Interpretation. The provisions of these Bylaws shall be liberally construed to effect the purpose of ensuring that the Condominium Community shall at all times be operated and maintained in a manner so as to optimize and maximize its enjoyment and utilization by each Unit Owner.

IN WITNESS WHEREOF, the undersigned have hereto set their hands this **29th** day of **September, 2002**

THE CASA VERDE
CONDOMINIUM ASSOCIATION

By: /s/ Louise Conner
President

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of THE CASA VERDE CONDOMINIUM ASSOCIATION, a Colorado nonprofit corporation.

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the unanimous written consent of its Board of Directors, dated the **23rd** day of **September, 2002**

/s/ Richard L Kohlhaas
Secretary