

BY-LAWS
OF
RENDEZVOUS COMMUNITY ASSOCIATION, INC.

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BY-LAWS
OF
RENDEZVOUS COMMUNITY ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. **Name.**

The name of the corporation is Rendezvous Community Association, Inc. ("Association").

1.2. **Principal Office.**

The principal office of the Association shall be located in Grand County, Colorado. The Association may have such other offices, either within or outside the state of Colorado, as the Board of Directors may determine or as the affairs of the Association require.

1.3. **Definitions.**

The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Recorded Declaration of Covenants, Conditions, and Restrictions for Rendezvous, as it may be amended ("Declaration"), unless the context indicates otherwise.

Article II
Association Membership, Meetings, Quorum, Voting, Proxies

2.1. **Membership.**

The Association shall have one class of membership as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2. **Place of Meetings.**

Association meetings shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate.

2.3. **Annual Meetings.**

The first Association meeting, whether a regular or special meeting, shall be held not later than one year after the first sale of a Unit within the Property to an Owner other than a Builder or developer purchasing primarily for development or resale in the ordinary course of such Person's

business. Meetings shall be of the Voting Members. Subsequent regular annual meetings shall be held each year at a time set by the Board.

2.4. Special Meetings.

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Members representing at least 20% of the total vote of the Association.

2.5. Notice of Meetings.

The Association's Secretary shall cause written or printed notice stating the place, day, and hour of any Association meeting in any manner permitted by Colorado law. If permitted, notice may be posted in a conspicuous, prominent place within the Property, delivered by hand delivery, or sent by facsimile, electronic mail, or other electronic communication device, or such other manner reasonably calculated, as determined in the Board's discretion, to provide personal notice to the Voting Members and/or Members entitled to notice. Notice shall be given not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President, the Secretary, or officers or Persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No other business shall be transacted at a special meeting except as stated in the notice.

If posted, notice shall be deemed delivered when posted. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member or Member at his or her address as it appears on the Association's records, with postage prepaid. If sent by facsimile, electronic mail, or such other electronic communication device, notice shall be deemed delivered when transmitted to the Voting Member or Member at his or her address or number as it appears on the Association's records. Failure to receive actual notice of an Association meeting shall not affect the validity of any action taken at such meeting.

2.6. Waiver of Notice.

Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings.

If any meeting of the Association cannot be held because a quorum is not present, Voting Members representing a majority of the votes present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of Voting Members representing enough votes to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting.

The voting rights of the Members shall be as set forth in the Declaration and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies.

Voting Members may not vote by proxy but only in person or through their designated alternates; provided, any Voting Member who is only entitled to cast the vote(s) for his own Unit(s) pursuant to Section 7.3 of the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Member to represent the Neighborhood of which the Unit is a part. On any matter as to which a Member is entitled to personally cast the vote for his or her Unit, such vote may be cast in person or by proxy, subject to the limitations of Colorado law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws. All proxies shall be in writing specifying the Unit for which it is given, signed by the Member or his or her duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective.

Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Proxies shall be valid only for the specific meeting for which given and lawful adjournments of such meeting. In no event shall a proxy be valid more than 90 days after the date of the original meeting for which it was given. Every proxy shall be revocable upon actual notice to the Person presiding over a meeting of the Association. A proxy shall automatically cease (a) upon conveyance of any Unit for which it was given; (b) upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member who is a natural person; (c) upon written revocation; or (d) one year from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority.

As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum.

Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Members representing a majority of the total vote in the Association shall constitute a quorum at all meetings of the Association.

2.12. Conduct of Meetings.

The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting.

Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members representing at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, delivered to the Association. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Voting Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Voting Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action and including any other information required by Colorado law.

Article III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body: Composition.

The Association's affairs shall be governed by a board of directors, each of whom shall have one equal vote. Except with respect to directors appointed by Declarant during the Declarant Control Period, the directors shall be Members or Residents; provided, no Owner and Resident representing the same Unit may serve on the Board at the same time. Directors appointed by Declarant need not be Members of the Association nor Residents. A "Resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within the Property. In the case of a Member which is not a natural person, any officer, director, partner, or

trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Declarant.

3.2. Number of Directors.

The Board shall consist of three to seven directors, as provided in Sections 3.4. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Nomination and Election Procedures.

(a) Nomination of Directors. Except with respect to directors appointed by Declarant during the Declarant Control Period, nominations for election to the Board shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members. The Nominating Committee shall be appointed by the Board not less than 30 days prior to each election to serve a term of one year or until their successors are appointed, and such appointment shall be announced at each such election. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled as provided in Section 3.4 below. The Board may also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient, and cost-effective manner. Nominations shall also be permitted from the floor.

The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Voting Members and for the director(s) to be elected by the votes within each Voting Group. In making its nominations, the Nominating Committee shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Voting Member may cast all votes assigned to the Units which it represents for each position to be filled from the slate of candidates on which such Voting Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

(c) Training and Education. The Board shall provide, or provide for, training and information classes for all nominees which address the Association's nomination, election, and voting processes and the duties and responsibilities of directors and officers.

3.4. Election and Term of Office.

Notwithstanding any other provision of these By-Laws:

(a) Within 60 days after the time that Owners other than a declarant (as defined by the Act) own 25% of the Maximum Units, or whenever Declarant earlier determines, the President shall call for an election by which the Voting Members shall be entitled to elect one of the three directors, who shall be an at-large director. The remaining two directors shall be appointees of the Declarant. The director elected by the Voting Members shall not be subject to removal by Declarant and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within 60 days after the time that Owners other than a declarant (as defined by the Act) own 50% of the Maximum Units, or whenever Declarant earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Voting Members shall be entitled to elect two of the five directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Declarant. The directors elected by the Voting Members shall not be subject to removal by Declarant and shall be elected for a term of two years or until the happening of the event described in subsection (c) below.

(c) Not later than the termination of the Declarant Control Period, the Board shall be increased to seven directors and an election shall be held. Six directors shall be elected by the Voting Members, with an equal number of directors elected by the Voting Members representing each Voting Group and any remaining directorships filled at large by the vote of all Voting Members. Three directors shall serve a term of two years and three directors shall serve a term of one year, as such directors determine among themselves. Declarant shall be entitled to appoint one additional director as long as Declarant owns any property described on Exhibits "A" or "B" for sale in the ordinary course of its business in the development of the Property. Thereafter, the Declarant's appointee shall resign and the remaining directors shall appoint a director to serve until the next annual meeting, at which the Voting Members shall elect all directors.

Upon the expiration of the director's term of office, the Voting Members shall elect a successor to serve a term of two years. The directors elected by the Voting Members shall hold office until their respective successors have been elected.

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Composition of Board of Directors				
Initial	Within 60 Days of When 25% of Maximum Units¹ Sold to Owners²	Within 60 Days of When 50% of Maximum Units¹ Sold to Owners²	Termination of Declarant Control Period	When Declarant no longer owns property within the Property
Declarant	Voting Members	Voting Members	Voting Members³	Voting Members
Declarant	Declarant	Voting Members	Voting Members³	Voting Members³
Declarant	Declarant	Declarant	Voting Members³	Voting Members³
		Declarant	Voting Members³	Voting Members³
		Declarant	Voting Members³	Voting Members³
			Voting Members³	Voting Members³
			Declarant	Voting Members³

¹Percentage based upon total number of Units reserved for development by Master Plan.
²Sales to successor Declarants not counted.
³An equal number of directors elected from each Voting Group, if any.

Diagram 3.1 Transition of Control of the Board of Directors.

3.5. Removal of Directors and Vacancies.

Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members representing 67% of the votes entitled to be cast for the election of such director at any meeting of the Association at which a quorum is present. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

Any director which the Board appoints shall be selected from among Members within the Voting Group represented by the director who vacated the position.

This Section shall not apply to directors appointed by the Declarant. Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability, or resignation of a director appointed by or elected as a representative of the Declarant.

B. Meetings.

3.6. Organizational Meetings.

An organizational meeting of the Board shall be held within 10 days following each annual meeting of the membership at such time and place the Board shall fix.

3.7. Regular Meetings.

Regular meetings of the Board may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter. Notice of the time and place of a regular meeting shall be communicated to directors not less than six days prior to the meeting; provided, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding the meeting.

3.8. Special Meetings.

Special Board meetings shall be held when called by written notice signed by the President, the Vice President, or any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by: (a) personal delivery; (b) first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) facsimile, computer, fiberoptics, or other electronic communication device, with confirmation of transmission. All such notices shall be given at the director's telephone number, fax number, electronic mail address, or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least six business days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 72 hours before the time set for the meeting.

3.9. Waiver of Notice.

The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.10. Telephonic Participation in Meetings.

Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.11. Quorum of Board of Directors.

At all Board meetings, 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 the decision of the Board, unless otherwise specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is present initially may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.12. Compensation.

Directors shall not receive any compensation from the Association for acting as such unless Voting Members representing a majority of the total vote in the Association at a regular or special meeting of the Association approve compensation. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.13. Conduct of Meetings.

The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.14. Notice to Owners; Open Meetings.

Except in an emergency, notice of Board meetings shall also be posted at least 48 hours in advance of the meeting at a conspicuous place within the Property which the Board establishes for the posting of notices relating to the Association. Notice of any meeting at which assessments are to be established shall state that fact and the nature of the assessment. Subject to the provisions of Section 3.15, all meetings of the Board shall be open to all Voting Members and, if required by law, all Owners, but attendees other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors. Only the following matters are open for discussion in executive session:

- (a) matters pertaining to employees of the Association or involving the employment, promotion, discipline, or dismissal of an officer, agent, or employee of the Association;
- (b) consultation with legal counsel regarding disputes that are the subject of pending or imminent court proceedings or matters that are privileged or confidential between attorney and client;
- (c) investigative proceedings concerning possible or actual criminal conduct;
- (d) matters subject to specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; and
- (e) any matter the disclosure of which would constitute an unwarranted invasion of individual privacy.

3.15. Action Without a Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.16. Powers.

The Board shall have all of the powers necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Governing Documents as provided by law. The Board may do or cause to be done all acts and things as are not by the Governing Documents or Colorado law directed to be done and exercised exclusively by the Voting Members or the membership generally.

3.17. Duties.

The duties of the Board shall include, without limitation:

- (a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;
- (b) levying and collecting such assessments from the Owners;
- (c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

- (d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;
- (e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve fund may be deposited, in the directors' business judgment, in depositories other than banks;
- (f) making and amending Rules and Regulations in accordance with the Declaration;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;
- (i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association's obligation in this regard shall be conditioned in the manner provided in Section 8.5 of the Declaration;
- (j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;
- (k) paying the cost of all services rendered to the Association;
- (l) keeping books with detailed accounts of the receipts and expenditures of the Association;
- (m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section 6.4;
- (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Property;
- (o) indemnifying a director, officer, or committee member, or former director, officer, or committee member of the Association to the extent such indemnity is required by Colorado law, the Articles of Incorporation or the Declaration; and
- (p) assisting in the resolution of disputes between Owners and others without litigation, as set forth in the Declaration.

3.18. Right of Declarant To Disapprove Actions.

During the Declarant Control Period, if Declarant voluntarily has relinquished its right to appoint and remove officers and directors of the Association, Declarant shall have a right to disapprove any action, policy, or program of the Association, the Board, and any committee which, in the sole judgment of the Declarant, would tend to impair rights of Declarant or Builders under the Declaration or these By-Laws, interfere with the development or construction of any portion of the Property, or diminish the level of services being provided by the Association.

(a) Declarant shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board, or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.7, 3.8, 3.9, and 3.10 and which notice shall, except in the case of the regular meetings held pursuant to these By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy, or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Declarant, its representatives, or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Declarant, acting through any officer, director, agent, or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of the Board, the Association, or any committee. Declarant shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.19. Management.

The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in Sections 3.17(a), 3.17(b), 3.17(f), 3.17(g) and 3.17(i). The Declarant or an affiliate of Declarant may be employed as managing agent or manager.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

The following shall not bind the Association, either directly or indirectly, if entered into during the Declarant Control Period:

(a) any management contract, employment contract, or lease of recreational or parking areas or facilities, to the extent provided by the Colorado Common Interest Ownership Act;

(b) any other contract or lease between the Association and Declarant or an affiliate of the Declarant; or

(c) any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into under the circumstances then prevailing.

3.20. Accounts and Reports.

The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) commencing at the end of the first fiscal year after the Recording of the Declaration, financial reports shall be prepared for the Association at least semi-annually containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

- (ii) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (iv) a balance sheet as of the last day of the preceding period; and
 - (v) a delinquency report listing all Members who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).
- (g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor, or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement. During the Declarant Control Period, the annual report shall include certified financial statements.

3.21. Borrowing.

The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in Section 9.3 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 20% of the budgeted gross expenses of the Association for that fiscal year. No Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination thereof, of Voting Members representing at least 80% of the total vote in the Association.

3.22. Right To Contract.

The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with residential or nonresidential owners' associations within and outside the Property; provided, any common management agreement shall require the consent of the Board. The Association shall have the right to terminate contracts as set forth in § 38-33.305 of the Act.

3.24. Board Standards.

While conducting the Association's business affairs, the Board shall be protected by the business judgment rule. The business judgment rule protects a director appointed by Declarant from personal liability so long as the director: (a) serves in a manner the director believes to be in the best interests of the Association and the Members; or (b) serves in good faith. The business judgment rule protects a director not appointed by Declarant from liability for actions taken or omissions made in the performance of such director's duties, except for liability for wanton and willful acts or omissions.

In fulfilling its governance responsibilities, the Board's actions shall be governed and tested by the rule of reasonableness. The Board shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing Documents.

The burden of proof in any challenge to an action or inaction by a director shall be on the party asserting liability.

Operational standards of the Board and any committee appointed by the Board shall be the requirements set forth in the Governing Documents or the minimum standards which Declarant, the Board, and the Architectural Review Committee may establish. Such standard shall, in all cases, meet or exceed the standards set by Declarant and the Board during the Declarant Control Period. Operational standards may evolve as the needs and demands of the community within the Property change.

3.25. Board Training Seminar; Board Sponsored Education and Training Opportunities.

The Board shall provide or provide for seminars and continuing educational opportunities designed to educate and inform directors of their responsibilities as directors. Such programs shall include instruction on applicable Colorado corporate and fiduciary law principles, other issues relating to administering the Community's affairs, and upholding and enforcing the Governing Documents. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose. Each newly elected, and each re-elected director shall complete a training seminar within the first six months of assuming the director position. The seminar may be live, video or audiotape, or in other format.

In a similar manner, the Board may provide or provide for Owner and resident education and training opportunities designed to foster awareness of Rendevous' governance, operations, and concerns. The Board shall provide or provide for training and information classes designed to educate Class "A" Members of the Association's nomination, election, and voting processes and the duties and responsibilities of directors and officers.

Article IV **Officers**

4.1. Officers.

The Association's officers shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office.

The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Voting Members, to serve until their successors are elected.

4.3. Removal and Vacancies.

The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties.

The Association's officers shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the Association's chief executive officer. The Secretary shall prepare, execute, certify, and Record amendments to the Declaration as provided in Section 18.2 of the Declaration. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation.

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation.

Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.12.

Article V
Committees

The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

Article VI
Transition from Class "B" Control to Class "A" Control of Community

6.1. Purpose.

The time during which Owners assume control and responsibility of the Association is known as the "Transition Period." The Transition Period is a process, not a one-time event, whereby control of the Board shifts from the Class "B" Member to Class "A" Members, and the Class "A" Members carry out the responsibilities and functions of the Association as set forth in the Declaration and these By-Laws. During this process, the Class "A" Members, drawing from their experience, education, and training in self-governance, begin to perform the duties of the Board which are outlined in the By-Laws without the assistance of the Class "B" Member or the Class "B" Member appointed directors.

This Article is intended to guide the Class "B" Member, Class "A" Members, and the Board through the transition process; prepare Class "A" Members to take control of the Board; encourage direct dialogue among all parties in order to anticipate and resolve maintenance and operation issues; and to promote community-wide participation and understanding of the transition process.

6.2. Transition Committee.

The Board shall appoint a "Transition Committee" consisting of three to five members, at least six months prior to the termination of the Class "B" Member's right to appoint members of the Board. The Transition Committee shall be comprised of a majority of Class "A" Member representatives, and, at a minimum, one Class "B" Member representative. Within three months from the date of its formation, the Transition Committee shall recommend a transition agreement to the Board.

(a) Transition Agreement.

The Transition Committee shall include in the transition agreement (i) a five year financial plan, or alternatively, a one year financial plan with five year rollover projections, an evaluation of the physical portions of the community, and a recommendation of which areas are

in need of service, repair, or replacement; (ii) an agreement as to which parties are responsible for rendering such service, repair, or replacement and a time line for completing such activities; (iii) a list of all existing contracts and an agreement as to which contracts will be continued; (iv) an agreement as to future Developer rights and obligations, if any; and (v) any other issue affecting the operation of the Association or the maintenance of the community.

The Transition Committee shall work in good faith to develop a transition agreement for execution by the Declarant and the Association. Once agreed upon by a majority of Transition Committee members, the transition agreement shall be recommended to the Board for its approval and execution. In the event that a transition agreement is not reached, the Transition Committee shall inform the Board in writing the reasons why it was unable to finalize a Transition Agreement.

The following suggestions are listed to guide the Transition Committee in developing a transition agreement:

- (i) Inspect all physical structures, recreational areas, and improvements in the Area of Common Responsibility to evaluate their condition and prepare or update the capital improvement plan;
- (ii) Create separate accounts by changing all common property utility services (electric, water, gas, telephone, cable, internet/intranet) in the Association's name;
- (iii) Update Association's corporate book, record books, and accounts. A record of all receipts, payments, and expenditures made on the Association's behalf must be maintained;
- (iv) Evaluate the Association's Governing Documents to ensure that the Association has the necessary power, authority, and infrastructure to operate the community;
- (v) Conclude any pending legal, document, or Association matters, such as deeding any remaining common area to the Association, addressing all covenant enforcement issues, and taking any assessment collection action;
- (vi) Review insurance policies to ensure adequate coverage is being maintained;
- (vii) Review property management agreements to develop recommendations on post-developer management of common area and facilities;
- (viii) Conduct a financial review of the Association's current budget, assessment rate, reserve accounts, and tax filings and records; and
- (ix) Review the Association's real and personal property interests, deeds, and warranties.

(b) Transition Period Education and Training Opportunities.

During the Transition Period, the Transition Committee's vision of transition and strategy for developing a transition agreement should be explained to Owners, and the Owners should be prepared to assume control of the Association. Both objectives may be accomplished by teaching Owners what transition of control means, what to expect during and after the Transition Period, and how to participate in the process.

During the Transition Period, the Transition Committee shall provide or provide for education and training opportunities for Class "A" Members, focused on the subject of transition. Education or training opportunities shall be held within the six months prior to the election in which the Class "A" Members elect the entire Board. Additionally, the Transition Committee or the Board shall conduct training for the Transition Committee within the first two months of its appointment to assist the Transition Committee in accomplishing its tasks.

The agenda for such training for both the Class "A" Members and the Transition Committee itself shall be based on the Governing Documents, and shall specifically address what the provisions mean, what the Association's responsibilities entail, and the duties of the Board. The agenda should also address, but not be limited to, explaining the Owners' rights and responsibilities, rules and regulations, architectural controls and who administers them, the requirements of preparing a budget, and the committee system existing, if any, at the time. The Board may retain industry professionals, which may include property managers, attorneys, and accountants, as appropriate or necessary for such purpose.

(c) Transition Period Notices.

Once formed, the Transition Committee shall keep the Class "B" Member and the Class "A" Members informed of the transition process by delivering quarterly notices, which describe the Transition Committee's agenda for that quarter, timeline for creating a transition agreement, and a schedule of transition education, training opportunities, and town hall meetings. Such notices shall be delivered in accordance with Section 7.5.

6.3. Town Hall Meetings.

The Transition Committee and the Board shall organize and conduct "town hall" meetings during the Transition Period. Such meetings shall be held for the purpose of promoting open communication among the Transition Committee, the Board, and the Owners. In addition, town hall meetings provide a forum where transition-related issues can be discussed and Owners have an opportunity to ask questions in order to better understand the transition process. For the purposes of preparing the town hall meeting agenda, the Transition Committee may solicit transition related questions from Owners prior to such meetings.

Article VII
Miscellaneous

7.1. **Fiscal Year.**

The Association's fiscal year shall be the calendar year unless the Board establishes a different fiscal year by resolution.

7.2. **Parliamentary Rules.**

Except as may be modified by Board resolution, *Robert's Rules of Order* (the then current edition) shall govern the conduct of Association proceedings when not in conflict with Colorado law, the Articles of Incorporation, the Declaration, or these By-Laws.

7.3. **Conflicts.**

If there are conflicts between the provisions of Colorado law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Colorado law, the Declaration, the Articles of Incorporation, and these By-Laws (in that order) shall prevail.

7.4. **Books and Records.**

(a) **Inspection by Members and Mortgagees.** The Board shall make available for inspection and copying by any holder, insurer, or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, including any amendments, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Property as the Board shall designate.

(b) **Rules for Inspection.** The Board shall establish rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors.** Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

7.5. Notices.

Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

7.6. Amendment.

(a) By Declarant. During the Declarant Control Period, Declarant may unilaterally amend these By-Laws. Thereafter, Declarant or the Board may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, or regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; provided, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

(b) By Members Generally. Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 51% of the total vote in the Association. During the Declarant Control Period, Declarant's consent shall also be required. In addition, the approval requirements set forth in Article XVI of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) Validity and Effective Date of Amendments. Amendments to these By-Laws shall become effective upon Recordation, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws. The Secretary shall prepare, execute, certify, and Record amendments to these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of Declarant, without its written consent, during the Declarant Control Period.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting President of Rendezvous Community Association, Inc., a Colorado corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 18th day of December, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 18th day of December, 2001.

 [SEAL]
President

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