

BYLAWS OF
PARADISE VALLEY OWNERS ASSOCIATION, INC.

_____, 2001

BYLAWS
OF
PARADISE VALLEY OWNERS ASSOCIATION, INC.
(A Nonprofit Corporation)

ARTICLE I
Name

This organization shall be known as PARADISE VALLEY OWNERS ASSOCIATION, INC., a nonprofit Colorado Corporation, hereinafter referred to as the "Corporation".

ARTICLE II
Office

The principal office of the Corporation shall be at 2432 North Main Street, Longmont, Colorado 80501, or such location within the State of Colorado as the Board of Directors may determine from time to time.

ARTICLE III
Application and Definitions

The provisions of these Bylaws are in furtherance of the Corporation's purposes as the homeowners association for property known as Paradise Valley Estates, County of Larimer, Colorado. All present and future Owners and their tenants, future tenants, employees, assigns, guests, invitees, and any other person who might use the facilities in the Property in any manner, are subject to the regulations set forth in the Corporation's Articles of Incorporation, these Bylaws and in the Declaration of Protective Covenants of Paradise Valley Estates ("Declaration"), and any modifications thereto, recorded, or to be recorded in the Office of the Larimer County, Colorado, Clerk and Recorder's Office.

Unless otherwise specifically provided herein, the capitalized terms in these Bylaws shall have meaning given them in the said Declaration.

ARTICLE IV
Purposes

In accordance with the provisions of the Declaration, the Corporation shall have the responsibility of constructing, maintaining, repairing, replacing, operating, and otherwise providing for the continued use and operation of the Common Elements; adopting the budgets, establishing and collecting all assessments; and otherwise providing for and regulating the use of the Common Elements; and carrying out such functions, and exercising such powers as are granted by the Declaration, the Articles of Incorporation, the Colorado Revised Nonprofit Corporation Act, and the applicable provisions, if any, of the Colorado Common Interest Ownership Act.

ARTICLE V
Membership

5.01 Owners are Members: Every Owner of a Lot shall, by virtue of such ownership, automatically be a member of the Corporation eligible for the rights and benefits of such membership. Membership shall be appurtenant to and may not be separated from ownership of the Lot, and the transfer of ownership of a Lot shall not release the transferee from any obligations to the Corporation incurred prior to the time of such transfer.

5.02 Suspension. In addition to all other remedies provided for by the Declaration, and Colorado law, the Board of Directors shall have the power to suspend the privileges of membership of any member for failure to timely pay assessments or charges, or if, as provided in these Bylaws, a majority of the Board of Directors determines that a member or any agent, guest, or invitee of the member has violated the Declaration, these Bylaws, or the rules and regulations for use of the Common Elements adopted by the Board.

ARTICLE VI
Notice and Hearing Procedure

6.01 Suspension of Privileges and Levy of Fines. Pursuant to the Declaration, no vote may be cast or counted for any Lot for which assessments, fees, dues or other monies are in default of payment at the time votes are counted. In addition, in the event of a violation of the Declaration, these Bylaws, or the rules and regulations adopted pursuant to these Bylaws, or by the Architectural Control Committee, the Board of Directors shall have the right, upon an affirmative vote of the majority of all Directors of the Board, in addition to all other remedies available pursuant to the Declaration, and the laws of the State of Colorado, to take all or any one or more of the following actions:

- 1) Suspend or condition the right of said member to use any of the Common Elements;
- 2) Suspend said member's voting privileges as a member;
- 3) Levy appropriate fines and charges for such violation.

The member shall be given written notice of the violations, the effective date of any suspension, and the conditions or requirements to be met by the member in order to remove the suspension. Unless the Board determines by majority vote that the violation is of such a nature as to require immediate suspension, the effective date of any such suspension shall be no earlier than thirty (30) days following mailing of the notice to the member by first class mail, or by certified mail, return receipt requested, at the address shown in the records of the Corporation for the member. Suspension resulting from non-payment of assessments, dues

or fees shall be removed upon payment by the member of all amounts currently due, including interest, costs and attorney fees. The conditions and requirements for removing suspension for reasons other than non-payment shall be left to the discretion of the Board of Directors and shall be reasonably related to and appropriate for the violation.

6.02 Hearing. Upon request of the member so suspended and/or fined, the Board of Directors shall hold a hearing no less than fifteen (15) days following receipt of the request for hearing. The hearing shall be held before the Board in an executive session and the member shall be given a reasonable opportunity to be heard upon the facts concerning the violation, and the appropriateness of fines or charges and any conditions or requirements placed upon the member to remove the suspension of privileges.

6.03 No Waiver, Remedies Cumulative, Exhaustion of Remedies. The failure of the Board to enforce the rules and regulations of the Association, these Bylaws, or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth in this Article and otherwise provided by these Bylaws and the Declaration, shall be cumulative and none shall be exclusive. However, the individual member must exhaust all available internal remedies of the Corporation prescribed by these Bylaws and any rules and regulations adopted by the Board, before that member may resort to a Court of law for relief with respect to any action of the Board.

ARTICLE VII Voting

7.01 Classes of Membership and Voting Rights. The Association shall have two (2) classes of voting membership. Class A shall be composed of the Declarant. Class B shall be composed of the Owners of Lots other than Declarant. For matters upon which Owners of Lots are entitled to vote, the Class A member shall be entitled to cast four (4) votes for each Lot owned by the Class A member, and Class B members shall each be entitled to cast one (1) vote for each Lot owned by the member. In the event a Lot is owned by two or more persons, whether by joint tenancy, tenancy in common, or otherwise, the vote for such Lot shall be exercised as the Owners thereof shall determine but the vote attributable to such Lot shall be cast only one of the Owners of such Lot who shall be designated by the several Owners of such Lot in writing prior to or at the time the vote is cast. In the absence of such designation by such multiple Owners the vote for such Lot may be cast in accordance with the agreement of a majority in interest of the persons having ownership interest in the Lot. There shall be deemed to be a majority agreement if any one of the multiple Owners casts the vote allocated to the Lot without protest being made promptly to the person preceding over the meeting by any of the other Owners of the Lot. No vote may be cast or counted for any Lot for which assessments, fees, dues, or other monies are in default of payment at the time votes are counted.

7.02 Designation of Voter. For each Lot, there shall be designated by the Owner one person authorized to cast all votes allowed the Lot. Such designation shall be in writing and shall be signed by all persons deemed necessary by the Board of Directors and delivered to the Secretary of the Corporation prior to the time the votes are cast. If no such designation has been made, the vote for such Lot may be cast as set forth in Section 38-33.3-310 of the Colorado Common Interest Ownership Act.

7.03 Manner of Voting. No votes shall be cast or allowed for any Lot whose Owner membership is not in good standing. All votes shall be cast in person, unless pursuant to voting by mail in accordance with these Bylaws, or by written proxy executed in writing by the person shown upon the records of the Corporation to be designated by the Owner to cast such votes, or his or her duly authorized attorney-in-fact.

7.04 No Cumulative Voting. Cumulative voting shall not be permitted.

ARTICLE VIII Membership Meetings

8.01 Annual Meetings. A regular annual meeting of the members of the Corporation shall be held in 2001 and each year thereafter in the State of Colorado on a date and at a time and location to be designated by the Board of Directors. The place of the meeting shall be shown on the notice to the members of such meeting.

8.02 Special Meetings. Special meetings of the members of this Corporation may be called at any time by the President or a majority of the Board of Directors or upon the written request of members holding not less than twenty percent (20%) of the votes which may be cast.

8.03 Notice. A written or printed notice of all regular or special meetings of the members shall be prepared by the Secretary of the Corporation and by him or her delivered personally to each member or mailed to the last known post office address of record of each member not less than ten (10) days nor more than fifty (50) days before the date of such meeting. All notices of meetings shall state the purposes and agenda of the meeting including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove an officer or a member of the Board.

8.04 Quorum. A quorum is deemed present throughout any meeting of the Association if persons entitled to cast twenty percent (20%) of the votes which may be cast for election of the Board are present, in person or by proxy, at the beginning of the meeting. If less than a quorum be present, the meeting may be adjourned by those present without notice other than announcement to those members present or represented, until some subsequent date, not more than sixty (60) days following the preceding meeting. Unless otherwise provided in the Declaration, the Articles of Incorporation or elsewhere in these

Bylaws, the affirmative vote of a majority of memberships in good standing and represented in person or by written proxy at a meeting at which a quorum is present shall be necessary to transact business and to adopt decisions binding on all members.

8.05 Proxies. Representation by written proxy shall be allowed and the instrument authorizing the proxy to act at the meeting shall be exhibited at the time of such meeting when called and filed with the Secretary. All proxies shall be revocable and shall automatically terminate upon conveyance by the member of his ownership of a Lot. A proxy is void if it is not dated or if it purports to be revocable without notice. No proxy shall be valid after eleven (11) months from its date of execution unless otherwise provided for in the proxy. A proxy may be revoked only by actual notice to the person presiding over a meeting of the Association.

8.06 Waiver of Notice. Any member may at any time waive any notice required to be given under these Bylaws. All the members may take action unanimously by signing a written consent thereto.

8.07 Action Without Meeting. Any issue, question, election of directors or other proposition that might be brought before an annual or special meeting of members may be decided by ballot distributed and voted by mail, pursuant to instructions adopted by resolution of the Board of Directors; provided that at least fifty-one percent (51%), or such other percentage as may be required by the Declaration, these Bylaws or the Colorado Revised Nonprofit Corporation Act for the action under consideration, of the eligible votes shall be validly cast by return mail addressed to the Secretary of the Corporation or delivered to the Secretary.

8.08 Minutes. Minutes or a similar record of the proceedings of meetings, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE IX Directors

9.01 Board of Directors, Number and Election of Board Members. The Declarant shall, for the period of time identified in the Declaration as the period of Declarant Control, retain the right to appoint and remove the members of the Board of Directors and the Officers of the Association and the members of the Architectural Control Committee ("Declarant Control"). The initial Board of Directors shall consist of one (1) person appointed by the Declarant, who shall serve at the pleasure of the Declarant or until his or her successor(s) is appointed by the Declarant.

9.01.1 Upon termination of the period of Declarant Control with respect to the Board, the Owners shall elect a Board of Directors of at least three (3) members. The Board members so elected shall elect the Officers of the Association. The Board members and Officers shall take office upon election. Upon termination of the period of Declarant Control with respect to the Architectural Control Committee, the Board shall establish the number of members of such Committee and appoint such members.

9.02 Number and Term. Each Director shall hold office for one (1) year following his or her election. Directors may be re-elected to additional terms and there shall be no limit to the number of terms a duly elected member may serve.

9.03 Qualifications of Directors. Except for those members appointed by the Declarant, Directors shall be Owners (or persons designated to represent Owners who are not living persons) of Lots.

9.04 Vacancies and Removals. During the period of Declarant Control, the Declarant shall have the power to remove any of the members of the Board of Directors, and to fill any vacancy occurring in the Board of Directors. Following the expiration of the period of Declarant Control, removal and filling of vacancies on the Board shall be as provided in the Colorado Revised Nonprofit Corporation Act.

ARTICLE X
Duties of Directors

10.01 General Powers and Duties. It shall be the duty of the Board of Directors to exercise general supervision over the management of the affairs of the Corporation, to establish the fees, duties and assessments to be paid by memberships to achieve the purposes of the Corporation, and to receive and pass upon the reports of the President, Secretary and Treasurer, and to direct the officers thereof in the general conduct of the Corporation. The Board shall have control of any books, papers, or documents of the Corporation in the hands of the officers.

10.02 Special Powers and Duties. In addition to and without limitation of the foregoing general powers and duties, and such powers and duties as are vested in the Board of Directors by virtue of the Declaration, the Articles of Incorporation, and the laws of the State of Colorado, the Board of directors is vested with, and responsible for, the following powers and duties:

A. Subject to the rights reserved to the Declarant during the period of Declarant Control, selection, appointment and removal of all officers, agents and employees of the Corporation and the fixing of compensation therefor.

B. The power and duty to make and enforce such rules and regulations consistent with law, the Articles of Incorporation, the Declaration, and these Bylaws as the Board may deem necessary or advisable, for the use of the Common Elements and to establish penalties for the infraction thereof, including such fines, suspension of usage and suspension of voting rights as the Board may deem appropriate.

C. To suspend the voting rights of a member, and the right to use of the Common Elements, during any period in which the member is in default in the payment of any assessments, charges or fines levied by the Association.

D. With the approval of members representing at least eighty percent (80%) of the votes of memberships in good standing, the power, but not the duty to convey or encumber the Common Elements and borrow money and to incur indebtedness for the purposes of the Corporation, and to cause and to be executed and delivered therefore, in the Corporation's name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, assignments, and hypothecations or other evidences of debt and securities therefor.

E. The power and duty to fix and levy assessments upon the members as provided in the Declaration for the purpose of the Corporation; including the payment of taxes and assessments upon real and personal property interests of the Corporation, and the establishment and maintenance of adequate reserves for replacements, emergency expenditures, and anticipated capital expenditures. Assessments shall not exceed the maximum amount allowable by the Declaration; provided, that, any such assessment which exceeds the allowable amount shall be deemed ineffective only to the extent of the portion that exceeds the allowable amount.

F. The power and duty to enforce the provisions of the Declaration, these Bylaws, rules and regulations adopted by the Board and other agreements of the Corporation.

G. The power to contract for and pay for, as reasonably necessary, fire, casualty, blanket liability, malicious mischief, vandalism, errors and omissions, and other insurance insuring members, the Corporation, the Board of Directors, the officers, agents, and employees of the Corporation, and other interested parties as the Board deems advisable.

H. The power to grant rights of use of the Common Elements.

I. To exercise for the Association all powers, duties and authorities vested in or delegated to the Association and not reserved to the Declarant or the membership by the other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

J. To exercise all powers and rights granted by the Colorado Nonprofit Corporation Act, not reserved to the Declarant or the membership.

K. To employ a manager as the Board may deem necessary from time to time, and to prescribe the duties and delegate to such a manager as appropriate.

L. To designate and remove independent contractors or employees or agents as may be appropriate for the operation, maintenance and replacement of the Common Elements.

M. To cause or require all Officers, employees or agents having fiscal responsibilities to be bonded, as the Board may deem appropriate.

10.03 Books. The Board of Directors shall cause to be maintained a full set of books and records showing the financial condition of the affairs of the Corporation in a manner consistent with generally accepted accounting principles. A balance sheet and an operating (income) statement of the Corporation shall be prepared and distributed to members within ninety (90) days of the last day of the Corporation's fiscal year. All financial statements contained in any such annual report for any fiscal year in which the gross income of the Corporation exceeds \$75,000.00 shall be audited by an independent public accountant.

All books, records and papers of the Corporation shall be available for inspection and copying by any member or his or her duly appointed representative at the principal office of the corporation or at such other place within the property as the Board may prescribe, subject to reasonable rules established by the Board for the time of inspection and payment of costs of reproduction. An appropriate Officer may issue, upon written demand by any Owner of a Lot or such Owner's designee, or to a holder of a security interest in a Lot or its designee, and upon payment of a fee of \$25.00, or such other reasonable fee as established by resolution hereafter by the Board from time to time, a certificate setting forth the amount of unpaid assessments currently levied against such Lot. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment, and shall be furnished within fourteen (14) calendar days after receipt of the request.

The Corporation shall keep and maintain in its office a book containing the name and address of each member and the person authorized to cast any votes on behalf of such member. Termination or transfer of membership shall be recorded in the book, together with such other information as the Board may deem necessary or appropriate.

10.4 Budget. The Board shall adopt, no less than annually, a periodic budget.

A. During the period of Declarant Control, the budget shall not be adopted or effective unless first approved by the Declarant.

B. Following termination of the period of Declarant Control, the Board, within sixty (60) days after adoption of any budget, shall cause to be mailed by ordinary first class mail, or otherwise delivered, a summary of the budget to all Owners and shall set a date

for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting Owners representing at least a 67% of the votes eligible to be cast reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

ARTICLE XI
Officers

11.01 Designation and Term. The initial officers of this Corporation shall consist of a President, a Vice President, a Treasurer, and a Secretary, who shall during the period of Declarant Control be designated by the Declarant. During the period of Declarant Control, the officers may be removed, without cause, by Declarant, and any vacancies shall be appointed by the Declarant. Upon termination of the period of Declarant Control, the officers shall be elected by majority vote of the Board of Directors at their first meeting following each annual meeting of the members of the Board. The officers so elected shall be elected from the members of the Board of Directors or other persons as the Board determines appropriate. Such officers shall hold their respective offices for the term of one year or until their successors are elected and shall qualify, unless they shall resign, be removed, or become disqualified.

The following persons are hereby designated as the initial officers of the Corporation:

President:
Vice President:
Secretary:
Treasurer:

11.02 Multiple Offices. Any two of the said offices may be held by the same person if the Board of Directors shall so determine.

11.03 Vacancies. Following the period of Declarant Control, in case a vacancy or vacancies shall occur in any of said offices, the same may be filled for the remainder of the unexpired term by the Board of Directors.

11.04 Removal of Officers. Following the period of Declarant Control, upon affirmative vote of the majority of the entire Board of Directors, any officer may be removed, either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

11.05 Other Officers. During the period of Declarant Control the Declarant, and after the period of Declarant Control the Board of Directors, may from time to time appoint other officers of the Corporation, who shall perform such duties as may be assigned them. They shall hold such offices at the pleasure of the Declarant, or the Board, as applicable.

11.06 Compensation. No officer shall receive any compensation for services performed in the conduct of the Corporation's business unless such compensation is approved by the vote or written consent of members representing at least a majority of the eligible votes of the members in good standing; provided, that (1) nothing herein contained shall be construed to preclude any officer from serving the Association in some other capacity and receiving compensation therefor; and (2) any officer may be reimbursed for his or her actual expenses incurred in performance of his or her duties.

11.07 Committees. The Board may appoint such committees as deemed appropriate in carrying out its purposes.

11.08 Delegation of Duties and Powers. Upon resolution duly adopted, the Board may delegate any of its powers and duties or that of the Officers of the Association to other persons or to a managing agent. If any power relating to collection, deposit, transfer, or disbursement of Association funds to other persons or to a managing agent is made, the Board may in its discretion require the following:

A. The person or agent to whom the power or duty is delegated shall maintain fidelity insurance coverage or a bond in an amount not less than \$50,000.00 or such higher amount as the Board may require; and

B. That such person shall maintain all funds and accounts of the Association separate from the funds and accounts of all others and shall maintain all reserve accounts of the Association separate from the operational accounts of the Association; and,

C. That an annual accounting for Association funds and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

The foregoing requirements shall be discretionary with the Board.

ARTICLE XII Duties of Officers

12.01 Duties of President. It shall be the duty of the President to preside at all meetings of the members and Directors of the Corporation. He or she shall sign all contracts and other instruments in writing authorized by the Board of Directors to be executed. He or she shall be ex-officio a member of all committees and shall have the active management

of and general supervision over the affairs of the Corporation. The President shall perform such other duties as may be required of the President by law, by these Bylaws, and by the Board of Directors, and in general shall perform the duties and functions usually pertaining to and vested in the president of a corporation.

12.02 Duties of Vice President. If a Vice President is appointed, it shall be the duty of the Vice President in case of absence, sickness, or other disability preventing the President from performing, or the refusal of the President to perform, the duties of that office, to perform and discharge the duties and functions of the President, and such other duties as may be required of the Vice President by the Board of Directors.

12.03 Duties of Secretary. The Secretary shall be ex-officio Secretary of the Board of Directors, and of all standing committees. It shall be the duty of the Secretary to give proper notice of all meetings of the members and of the Board of Directors of the Corporation, and to attend all such meetings and act as the clerk thereof; to keep, record, and preserve the minutes of all meetings of the members and directors in appropriate books; to sign all such minutes as Secretary, and to perform like duties for any standing committees when required; to have the custody of the corporate seal and records of the Corporation; to attest the affixing of the seal to all contract and other instruments in writing executed under the corporate seal of the Corporation; to have charge of and preserve all papers and documents of the Corporation not properly belonging in the custody of the Treasurer; and generally to perform such duties as usually pertain to the office of Secretary, and such as may be specifically assigned by the Board of Directors. The Secretary shall also attend to the filing of all papers and reports required by law to be filed.

12.04 Duties of the Treasurer. The Treasurer shall be the custodian of the funds of the Corporation, and all securities, valuable papers and documents connected with and pertaining to the business of the Corporation which shall be kept in such depositories and in such manner as directed by the Board of Directors. The Treasurer shall disburse the funds of the Corporation in accordance with directions from the Board of Directors. The Treasurer shall keep a complete and proper record and account thereof, and vouchers for all funds disbursed, all of which shall be accessible for inspection by the other officers or by the Board of Directors. The Treasurer shall render to the Board of Directors, whenever they may require, an account of all transactions and the financial condition of the Corporation, and perform such other duties as may be prescribed by the Board of Directors. At the discretion of the Board of Directors, the Treasurer may be required to give a good and sufficient bond with sureties thereon for the faithful performance of the duties of the office.

ARTICLE XIII Meetings of Directors

13.01 Regular Meetings. The Board of Directors shall meet regularly, at least annually, at a place in the State of Colorado designated by the Board.

13.02 Special Meetings. A special meeting of the Board of Directors may be called by or at the request of the President or any two (2) Directors upon not less than three (3) days notice to each Director.

13.03 Quorum. A quorum is deemed present throughout any meeting of the Board if persons entitled to cast fifty percent (50%) of the votes on that Board are present at the beginning of the meeting, and if a lesser number of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting without further notice. In instances of a tie vote of a quorum of Directors, the way in which the President (or Vice President, if acting as President) voted shall carry; if neither the President or Vice President is present, the way in which the Secretary voted shall carry, and if the Secretary is not present, the way the Treasurer voted shall carry. 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, unless the act of a greater number is required by law or by these Bylaws.

13.04 Notice. Any Director may at any time waive the notice required to be given under these Bylaws, or action may be taken by unanimous written consent thereto without meeting. Any Board member may participate in a meeting by conference telephone or other communications equipment by which all persons participating can hear each other at the same time, and such participating shall constitute presence in person at the meeting.

ARTICLE XIV Obligations of Members

14.01 Payment of Assessments. All members are obligated to pay, in accordance with the provisions of the Declaration, all assessments and other charges, fees or fines imposed by the Corporation. All delinquent payments due shall be enforced, collected, and foreclosed in the manner provided in the Declaration.

14.02 Notice of Address and Mortgagees. Every member shall give written notice to the Secretary of the Corporation of his or her current address, and any change in such address. In addition, each member who encumbers his or her Lot shall notify the Secretary of the Corporation of the name and address of the beneficiary of such encumbrance, and shall likewise notify the Secretary of any release or discharge of such encumbrance.

14.03 Notice of Ownership Transfer. Every member shall report to the Secretary of the Corporation any change in ownership of a Lot, and shall provide any new designation of the person authorized to cast the vote for such Lot. The full names and addresses of all Owners and the person designated to cast the vote for a Lot shall also be provided at the time of any change in ownership, or any change in address or designation of the person authorized to cast the vote.

14.04 Rules and Regulations. Each member is required to comply with the rules and regulations adopted by the Board, and to further obtain compliance with such rules and regulations by all tenants, invitees, guests and other persons making use of the Property under authorization or invitation from such member.

ARTICLE XV
Corporate Seal

The Board of Directors shall have the power to select, and to alter at the pleasure of the Board, a corporate seal as it may deem appropriate.

ARTICLE XVI
Indemnification and Bonding

16.01 Indemnification. The Corporation shall indemnify its Directors, Officers, employees, agents and members to the fullest extent allowed by law. The Directors, Officers and voting members of the Corporation shall have the benefit of the limitations on personal liability for injury to person or property as provided by law, including but not necessarily limited to Section 7-128-402, Colorado Revised Statutes, and any other applicable statute or rule of law.

16.02 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Corporation handling or responsible for Corporation funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Corporation.

ARTICLE XVII
Authorization

No officer or member of this Corporation shall authorize or incur any debt or obligation on its behalf except by order of or pursuant to authority granted by the Board of Directors.

ARTICLE XVIII
Fiscal Procedures

18.01 Execution of Documents. All written obligations of the Corporation, including acceptances, contracts, agreements, deeds, and all other instruments in writing shall be signed with the corporate name by the President, or in his or her absence, sickness, or other disability, by the Vice President or the Secretary, and the corporate seal shall be affixed and attested by the Secretary.

18.02 Checks and Funds. All checks drawn on Corporation funds shall be signed with the corporate name by those officers, one or more, as may be authorized by the Board

of Directors from time to time. The funds of this Corporation shall be deposited in such bank or banks, as the Board of Directors may from time to time determine.

18.03 Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors, and having been so determined, is subject to change from time to time as the Board of Directors shall so determine.

18.04 Reserves. The funds collected by the Board of Directors from the members which are attributable to the replacement reserves, for maintenance costs which cannot normally be expected to occur on an annual basis, for emergency expenses, and for capital improvements, shall at all times be held in trust for the members and shall not be commingled with other assessments collected from the members.

ARTICLE XIX Public Entity Assumes Obligations

At any time as any governmental or quasi-governmental entity shall undertake to maintain the Common Elements, the Board of Directors may, if the County of Larimer has also consented in writing thereto, dissolve the corporation, which dissolution shall be made a matter of public record.

ARTICLE XX General Provisions

20.01 Amendments. Except as may otherwise be required by the Declaration, the Articles of Incorporation, or the applicable provisions of these Bylaws, or any part thereof, may be amended, added to, or modified:

- 1) During the period of Declarant Control by the majority vote of the Board of Directors if also consented to by the Declarant;
- 2) After the period of Declarant Control, by: (i) majority vote of the Board of Directors' or (ii) at any regular or special meeting of the membership at which a majority of the total votes of memberships qualified to vote is cast in favor of such amendment or modification; provided, however, that the proposed amendment shall be set forth in full in the notice of such meeting of members, and further provided that, no amendment shall be effective which is in contravention to the Declaration, or the Articles of Incorporation and no amendment affecting the rights of the Declarant shall be effective unless consented to in writing by the Declarant.

The President, Vice President, or Secretary of the Association may each prepare, execute, certify and record amendments to the Declaration on behalf of the Association.

20.02 Coordination With Other Provisions. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control; and in the case of any conflict between rules or regulations adopted by the Board and these Bylaws, these Bylaws shall control.

THE UNDERSIGNED, being the sole member of the Board of Directors of the Corporation hereby confirms that the foregoing Bylaws of said Corporation were adopted by our act on the ____ day of _____, 2001.

JAMES NORDHOUGEN, DIRECTOR

CERTIFICATE OF SECRETARY

I, the undersigned, do certify that:

1. I am the duly approved and acting Secretary of PARADISE VALLEY OWNERS ASSOCIATION; and

2. The foregoing Bylaws, comprised of fifteen (15) pages including this page, constitute the Bylaws of the Corporation duly adopted at an organizational meeting of the foregoing signed persons being all of the members of the Board of Directors of the corporation held on the ____ day of _____, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my hand and affixed the seal of the Corporation this ____ day of _____, 2001.

_____, SECRETARY

APPROVED BY DECLARANT:

PARADISE VALLEY, LLC

DATE: _____

By: _____
JAMES NORDHOUGEN, Manager/Member