

**BYLAWS
OF
Ventana Homeowners Association of Pueblo, Inc.**

**ARTICLE 1
Introduction**

These are the Bylaws of Ventana Homeowners Association of Pueblo, Inc. (Association), a Common Interest Community, which shall operate under the Colorado Revised Nonprofit Corporation Act, as amended. It is intended that the Colorado Common Interest Ownership Act, as amended shall not apply to this Community. Capitalized terms used in these Bylaws shall have the same meaning as that of the identical terms as used in the Articles of Incorporation of the Association, or in the Declaration of Covenants, Conditions and Restrictions of Ventana of Pueblo (Declaration).

**ARTICLE 2
Executive Board**

Section 2.1. Number and Qualification - Termination of Declarant Control.

(a) The affairs of the Common Interest Community and the Association shall be governed by an Executive Board which, until the termination of the period of Declarant Control, shall consist of three persons, and following such date shall consist of five persons, the majority of whom, other than the members of the Executive Board appointed by the Declarant, shall be Lot Owners. If any Lot is owned by a partnership or corporation, any officer, partner or employee of that Lot Owner shall be eligible to serve as a member of the Executive Board and shall be deemed to be a Lot Owner for the purposes of the preceding sentence. Members of the Executive Board shall be elected by the Lot Owners, except for those appointed by the Declarant. At any meeting at which members of the Executive Board are to be elected, the Lot Owners may, by resolution, adopt specific procedures that are not inconsistent with these Bylaws, the Declaration, the Articles or the Colorado Revised Nonprofit Corporation Act for conducting the elections.

(b) The terms of members of the Executive Board shall be divided into three classes of as nearly equal number as possible, each with three-year terms. The terms of one class of the members of the Executive Board, other than those appointed by the Declarant, shall expire annually.

(c) The Declaration shall govern appointment of members of the Executive Board during the period of Declarant Control, as defined in the Articles of Incorporation and Declaration.

(d) At any time after Lot Owners, other than the Declarant, are entitled to elect a

member of the Executive Board, the Association shall call a meeting to be held within 60 days after the Lot Owners become entitled to elect a member, and shall give not less than 10 nor more than 50 days' notice to the Lot Owners for this purpose. This meeting may be called and the notice given by any Lot Owner if the Association fails to do so.

Section 2.2. Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in the Declaration or these Bylaws. The Executive Board shall have, subject to the limitations contained in the Declaration, the powers and duties necessary for the administration of the affairs of the Association and for the Community, including but not limited to the following powers and duties:

- (a) Adopting and amending Bylaws and Rules and Regulations;
- (b) Developing budgets for revenues, expenditures and reserves and proposing budgets to the members for adoption;
- (c) Collecting Assessments from Lot Owners;
- (d) Hiring and discharging managing agents;
- (e) Hiring and discharging employees, independent contractors and agents other than managing agents;
- (f) Instituting, defending or intervening in litigation or administrative proceedings or seeking injunctive relief for violations of the Declaration, Bylaws or Rules and Regulations in the Association's name, on behalf of the Association or two or more Lot Owners on matters affecting the Community;
- (g) Making contracts and incurring liabilities;
- (h) Regulating the use, maintenance, repair, replacement and modification of Association Properties;
- (i) Causing additional improvement to be made as a part of the Association Properties;
- (j) Acquiring, holding, encumbering and conveying, in the Association's name, any right, title or interest to real estate or personal property;
- (k) Granting easements for any period of time, including permanent easements, and granting leases, licenses and concessions for no more than one year, through or over the Association properties;
- (l) Imposing and receiving payments, fees and charges for services provided to Lot Owners and for the use, rental or operation of the Association Properties;

(m) Imposing reasonable charges for late payments of assessments and, after Notice and Hearing, levying reasonable fines for a violation of the Declaration, Bylaws, or Rules and Regulations of the Association.

(n) Imposing reasonable charges for the preparation and recording of statements of unpaid assessments;

(o) Providing for the indemnification of the Association's officers and the Executive Board and maintaining Officers' and Directors' liability insurance;

(p) Exercising any other power that may be exercised in the State of Colorado by a legal entity of the same type as the Association;

(q) Exercising any other power necessary and proper for the governance and operation of the Association; and

(r) By resolution, establishing committees and appointing and removing members of the committees, including members of the Executive Board as well as Lot Owners, to perform any of the above functions under specifically delegated administrative standards as designated in the resolution establishing the committee. Committees may be permanent and standing, temporary, or a tribunal for purposes of hearings conducted in accordance with the Declaration and the Bylaws. All committees must maintain and report their actions to Lot Owners and the Executive Board. Actions taken by a committee other than the hearing tribunal may be appealed in writing to the Executive Board by any Lot Owner within 45 days of publication of notice of that action, and if an appeal has been filed, the committee's action must be ratified, modified or rejected by the Executive Board at its next regular meeting. Appeals from decisions of any tribunal that may be appointed in accordance with Article 5 of these Bylaws shall be subject to the provisions of Article 5.

Section 2.3. Managing Agent. The Executive Board may employ a managing agent, which may be a management company, for the Community, at a compensation established by the Executive Board, to perform duties and services authorized by the Executive Board. The Executive Board may delegate to the managing agent only the powers granted to the Executive Board by these Bylaws under Section 2.2, Subdivisions (c), (e), (g) and (h). Licenses, concessions and contracts may be executed by the managing agent on behalf of the Association pursuant to specific resolutions of the Executive Board and to fulfill the requirements of the budget.

Section 2.4. Removal of Members of the Executive Board. The Lot Owners, by a two-thirds vote of all persons present and entitled to vote, at any duly called meeting of the Lot Owners at which a quorum is present, may remove any member of the Executive Board, other than a member appointed by the Declarant, with or without cause.

Section 2.5. Vacancies. Vacancies in the Executive Board, caused by any

reason other than the removal of a member by a vote of the Lot Owners, may be filled by the Executive Board at a regular or special meeting of the Executive Board held for that purpose at any time after the occurrence of the vacancy, even though the members of the Executive Board present at that meeting may constitute less than a quorum. Appointments to fill vacancies of members of the Executive Board who were elected by Lot Owners other than the Declarant, may be made by a majority of the remaining elected members constituting the Executive Board. Appointments to fill vacancies of members whom the Declarant has the right to appoint may be made by the Declarant. Each person so elected or appointed shall be a member of the Executive Board for the remainder of the term of the member so replaced.

Section 2.6. Regular Meetings. The first regular meeting of the Executive Board following each annual meeting of the Lot Owners shall be held within 10 days after the annual meeting at a time and place to be set by the Executive Board at the meeting at which members of the Executive Board were elected. No notice shall be necessary to the newly elected members in order to legally constitute such meeting of the Executive Board, provided a majority of the Executive Board are present. The Executive Board may set a schedule of additional regular meetings by resolution, and no further notice is necessary to constitute regular meetings.

Section 2.7. Special Meetings. Special meetings of the Executive Board may be called by the president or by a majority of the members of the Executive Board on at least three business days' notice to each member of the Executive Board. The notice may be hand-delivered, mailed or sent by facsimile and shall state the time, place and purpose of the meeting.

Section 2.8. Location of Meetings. All meetings of the Executive Board shall be held within Pueblo County, Colorado unless all members of the Executive Board consent in writing to another location.

Section 2.9. Waiver of Notice. Any member of the Executive Board may waive notice of any meeting in writing. Attendance by a member at any meeting of the Executive Board shall constitute a waiver of notice. If all the members are present at any meeting, no notice shall be required, and any business may be transacted at such meeting.

Section 2.10. Quorum. At all meetings of the Executive Board, a majority of the members shall constitute a quorum for the transaction of business, and the votes of a majority of the members present at a meeting at which a quorum is present shall constitute a decision by the Executive Board. If, at any meeting, there shall be less than a quorum present, a majority of those present may adjourn the meeting. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 2.11. Consent to Corporate Action. If all the members of the Executive Board or all members of a committee established to act on behalf of the Executive

Board on a specific issue, as the case may be, severally or collectively consent in writing to any action taken or to be taken by the Association, and the number of the members of the Executive Board constitutes a quorum, that action shall be a valid corporate action as though it had been authorized at a meeting of the Executive Board or the committee, as the case may be. The secretary shall file the written consents with the minutes of the meetings of the Executive Board.

Section 2.12. Telephone Communication in Lieu of Attendance. One or more members of the Executive Board may attend a meeting of the Executive Board by using an electronic or telephonic communication method whereby each member may be heard by the other members and may hear the deliberations of the other members on any matter properly brought before the Executive Board. The vote of members participating by electronic or telephonic communication shall be counted and their presence noted as if they were present in person on that particular matter or for the entire meeting, as the case may be.

ARTICLE 3 Lot Owners

Section 3.1. Lot Owners - Members. Each Lot is entitled to one membership in the Association. Therefore the owner or owners of each lot shall constitute one member of the Association. The term "Lot Owner" shall also mean "Member" of the Association.

Section 3.2. Annual Meetings. Annual meetings of Lot Owners shall be held in Pueblo County, Colorado at a date fixed by the Executive Board and set forth in the notice of the meeting. At annual meetings, members of the Executive Board shall be elected by ballot of the Lot Owners, in accordance with the provisions of Article 2 of the Bylaws, to fill vacancies created by expiration of the terms of members of the Executive Board whose terms of office expire at the meeting. The Lot Owners may transact other business as may properly come before them at the annual meetings.

Section 3.3. Special Meetings. Special meetings of Lot Owners may be called by the president, by a majority of the members of the Executive Board or by Lot Owners comprising at least 20 percent of the votes in the Association. No action shall be adopted at a special meeting of the Lot Owners unless the issue or business to be considered and action adopted shall be stated in the notice of the special meeting.

Section 3.4. Place of Meetings. Meetings of the Lot Owners shall be held within the Community or may be adjourned to a suitable place convenient to the Lot Owners, as may be designated by the Executive Board or the president.

Section 3.5. Notice of Meetings Not Involving Ratification of Budget. The secretary or other officer specified in the Bylaws shall cause notice of meetings of the Lot Owners that do not involve ratification of an Association budget to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to the

mailing address designated in writing by the Lot Owner, not less than 10 days nor more than 50 days in advance of a meeting.

Section 3.5. Notice of Meetings. The secretary or other officer specified by the Bylaws shall cause notice of meetings of the Lot Owners to be hand delivered or sent prepaid by United States Mail to the mailing address of each Lot or to the mailing address designated in writing by the Lot Owner not less than fourteen (14) or more than sixty (60) days in advance of an annual or special meeting.

Section 3.6. Notice of Meetings to Ratify Budget. Notwithstanding the procedure and scheduling provided in Section 3.5, if Lot Owners will vote at a meeting of Lot Owners upon ratifying a budget proposed by the Executive Board, the board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Lot Owners within 30 days after adoption by the board of the proposed budget, and the board shall schedule a date for a meeting of the Lot Owners to consider ratification of the budget that is not less than 14 nor more than 60 days after mailing or other delivery of the summary. Unless at that meeting a majority of all Lot Owners rejects the proposed budget, it shall be ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Lot Owners must be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board. Meetings to consider ratification of a proposed budget may include elections of members of the Executive Board and other business but a quorum must be present at the meeting to take action on any such other business. No action shall be adopted at a meeting except as stated in the notice of meeting.

Section 3.6. Budget Ratification. Notwithstanding the procedure and scheduling provided in Section 3.5, the procedure for budget ratification shall be as follows:

- (a) The Executive Board shall prepare a proposed budget.
- (b) The Executive Board shall mail, by ordinary first class mail, or otherwise delivery of a summary of the budget to all lot owners within thirty (30) days after adoption by the Board of the proposed budget.
- (c) The Board shall schedule a date for meeting of Lot Owners to consider ratification of the budget that is not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary of the budget.
- (d) The budget proposed by the Executive Board shall be ratified unless, at that meeting, a majority of all Lot Owners rejects the proposed budget. If a quorum is not present at the budget ratification meeting, either in person or by proxy, the budget proposed by the Executive Board shall be deemed ratified.
- (e) In the event the proposed budget is rejected the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Executive Board.

(f) The budget ratification may be held at an annual or special meeting of the members. Any other business transacted for budget ratification must have a quorum present to take any action on any other business.

Section 3.7. Waiver of Notice. Any Lot Owner may, at any time, waive notice of any meeting of the Lot Owners in writing, and the waiver shall be deemed equivalent to the receipt of notice.

Section 3.8. Adjournment of Meeting. At any meeting of Lot Owners, a majority of the Lot Owners who are present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

Section 3.9. Order of Business. The order of business at all meetings of the Lot Owners shall be as follows:

- (a) Roll call (or check-in procedure);
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers and committees;
- (e) Establish number and term of memberships of the Executive Board by amendment to the Bylaws (if required and if the notice of the meeting included these issues);
- (f) Election of members of the Executive Board (when required);
- (g) Ratification of budget (when required and if the notice included this issue);
- (h) Unfinished business; and
- (i) New business.

Section 3.10. Voting at Meetings of the Association.

(a) Each person who holds title to a Lot in the Community shall be a member of the Association. There shall be one vote for each Lot on each issue at meetings of the Association, except that in the election of members of the Executive Board, each Lot shall be entitled to vote for as many persons as there are positions to be filled by election to the Executive Board. If a Lot is owned by more than one person, those persons shall agree among themselves how a vote for that Lot is to be cast. Individual co-owners may not cast fractional votes. A vote by a co-owner for the entire Lot's membership interest shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same Lot objects at the time the vote is cast, in which case such membership's vote shall not be counted. Cumulative voting shall not be allowed in elections of members of the Executive Board or for any other purpose.

(b) Votes allocated to a Lot may be cast under a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly

executed proxy. A Lot Owner may revoke a proxy given under this section only by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. A proxy terminates one year after its date, unless it specifies a shorter term.

(c) The vote of a corporation or other legal entity may be cast by any officer of that corporation or legal entity in the absence of express notice of the designation of a specific person by the board of directors, managers, or bylaws of the owning corporation or legal entity. The vote of a partnership may be cast by any general partner of the partnership in the absence of express notice of the designation of a specific person by the partnership. The moderator of the meeting may require reasonable evidence that a person voting on behalf of a corporation, or other legal entity is qualified to vote.

(d) Votes allocated to a Lot owned by the Association may not be cast.

Section 3.11. Quorum. Except as otherwise provided in these Bylaws, the Lot Owners present in person or by proxy at any meeting of Lot Owners, (but no less than one-third of the members), shall constitute a quorum at that meeting.

Section 3.12. Majority Vote. The vote of a majority of the Lot Owners present in person or by proxy at a meeting at which a quorum shall be present shall be binding upon all Lot Owners and shall be the Act of the Association for all purposes except where a different percentage vote is required in the Declaration, these Bylaws or by law.

ARTICLE 4

Officers

Section 4.1. Designation. The principal officers of the Association shall be the president, the vice president, the secretary and the treasurer, all of whom shall be elected by the Executive Board. The officers shall take office upon their election. The Executive Board may appoint an assistant treasurer, an assistant secretary and other officers as it finds appropriate. The president and vice president, but no other officer, need be members of the Executive Board. Any two offices may be held by the same person except the offices of president and secretary. The office of vice president may be vacant.

Section 4.2. Election of Officers. The officers of the Association shall be elected annually by the Executive Board at the organizational meeting of each newly constituted Executive Board. They shall hold office at the pleasure of the Executive Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Executive Board, any officer may be removed, either with or without cause. A successor may be elected, or a vacancy in any office filled by election, at any regular meeting of the Executive Board or at any special meeting of the Executive

Board called for that purpose.

Section 4.4. President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Lot Owners and of the Executive Board. The president shall have all of the general powers and duties that are incident to the office of president of a nonprofit corporation organized under the laws of the State of Colorado, including but not limited to the power to appoint committees from among the Lot Owners from time to time as the president may decide is appropriate to assist in the conduct of the affairs of the Association. The president may fulfill the role of treasurer in the absence of the treasurer. The president may cause to be prepared and may execute amendments and other legal documents, certified and attested by the secretary, as appropriate, amending the Declaration and these Bylaws or taking other action on behalf of the Association, following authorization or approval of the particular amendment or other action as applicable. The president may record, or cause to be recorded, amendments to the Declaration on behalf of the Association.

Section 4.5. Vice President. The vice president shall take the place of the president and perform the president's duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Executive Board shall appoint some other member of the Executive Board to act in the place of the president on an interim basis. The vice president shall also perform other duties assigned by the Executive Board or by the president.

Section 4.6. Secretary. The secretary shall keep the minutes of all meetings of the Lot Owners and the Executive Board. The secretary shall have charge of the Association's books and papers, as the Executive Board may direct, and shall perform all the duties incident to the office of secretary of a nonprofit corporation organized under the laws of the State of Colorado. The secretary may cause to be prepared and may attest to execution by the president of amendments and other legal documents that amend the Declaration and the Bylaws or take other action on behalf of the Association, following due authorization or approval of the particular amendment or action, as applicable.

Section 4.7. Treasurer. The treasurer shall be responsible for Association funds and securities, for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. This officer shall be responsible for the deposit of all money and other valuable instruments in depositories designated by the Executive Board and shall perform all the duties incident to the office of treasurer of a nonprofit corporation organized under the laws of the State of Colorado. The treasurer may endorse on behalf of the Association, for collection only, checks, notes and other obligations and shall deposit the same and all moneys in the name of and to the credit of the Association in banks or other insured financial institutions designated by the Executive Board. Except for reserve funds subsequently described, the treasurer may have custody of and shall have the power to endorse for transfer, on behalf of the Association, stock, securities or other investments.

Section 4.8. Agreements, Contracts, Deeds, Checks, etc. Except as provided in Sections 4.4, 4.6, 4.7 and 4.9 of these Bylaws, all agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by the president or vice president of the Association or by any other persons or persons designated by the Executive Board.

Section 4.9. Statements of Unpaid Assessments. The treasurer, an assistant treasurer, a managing agent employed by the Association, or, in their absence, any officer having access to the books and records of the Association, may prepare, certify, and execute statements of unpaid assessments currently levied against Lots. The Association may charge a reasonable fee for preparing statements of unpaid assessments. The amount of the fee and the time of payment shall be established by resolution of the Executive Board. Any unpaid fees may be assessed as a Common Assessment against the Lot for which the certificate or statement is furnished.

ARTICLE 5 Enforcement

Section 5.1. Power of Enforcement. The Association shall have the power to enforce the provisions of these Bylaws, the Declaration and the Rules and Regulations and shall take such action as the Executive Board deems necessary or desirable to cause compliance by each member and each person claiming by, through, or under such member (Related Users). Without limiting the generality of the foregoing, the Association shall have the power to enforce the provisions of these Bylaws, the Declaration and the Rules and Regulations by any one or more of the following means: (a) by entry upon any property within the Community after Notice and Hearing (unless a bona fide emergency exists, in which case neither notice nor hearing is required), without liability to the Lot or Owner thereof or the Association, for the purpose of enforcing or causing compliance with these Bylaws, the Declaration or the Rules and Regulations; (b) by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of these Bylaws, the Declaration or the Rules and Regulations, by mandatory injunction or otherwise; (c) by commencing and maintaining actions and suits to recover damages for breach of any of the provisions of these Bylaws, the Declaration or the Rules and Regulations; (d) by suspension, after Notice and Hearing, of the voting rights of a member during and for up to ten days following any breach by such member or a Related User of such member of any of the provisions of these Bylaws, the Declaration or the Rules and Regulations, unless the breach is a continuing breach in which case such suspension shall continue for so long as such breach continues; (e) by levying and collecting, after Notice and Hearing, a Reimbursement Assessment against any member for breach of these Bylaws, the Declaration or the Rules and Regulations by such member or Related User of such member; and (f) by levying and collecting uniformly applied fines and penalties, established in advance in the Rules and Regulations of the Association, from any member or Related User for breach of these Bylaws, the Declaration or the Rules and Regulations by such member or Related User of such member. In the event that the Association fails to enforce the provisions of this Declaration as provided for herein,

each member shall, upon thirty days' written notice to the Association, have the power (a) to enforce the provisions hereof by commencing and maintaining actions and suits to restrain and enjoin any breach or threatened breach of the provisions of these Bylaws, the Declaration or the Rules and Regulations, by mandatory injunction or otherwise; or (b) to commence or maintain actions and suits against the breaching member to recover damages for breach of any of the provisions of such documents.

Section 5.2. Notice and Hearing. Except as described in this Article 5, no member or Related User shall be subject to enforcement of any of the provisions of the Bylaws, the Declaration, or the Rules and Regulations as described in Section 5.1 of the Bylaws, except after Notice and Hearing, as subsequently described in this section. In the event that any committee of the Association or member asserts that a member or Related User has or is violating any such provisions, the committee or member may so inform the Executive Board. If the Executive Board determines to consider whether there has been any such violation, it shall give written notice to that effect to the member or Related User and to any other Lot Owner or occupants of Lots whose interest would be significantly affected by enforcement of the applicable provisions. The notice shall state the specific provisions of the Bylaws, Declaration or Rules and Regulations that may have been violated and a general description of the acts or failure to act that may have caused violations, and giving notice of the date, time and place where a hearing will be conducted to consider the charges and to take evidence of the violations described in the notice. The member or Related User may appear at the hearing, personally or by a representative, give testimony orally or in writing as specified in the notice, and question the evidence presented in favor of finding one or more violations, and make arguments to deny the existence of the violations. The hearing shall be conducted subject to informal and reasonable rules of procedure established by the Association to enable a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. After consideration of the evidence and arguments presented at the hearing, the Executive Board shall decide whether there have been one or more violations. The decision of the Executive Board may be reached in private executive session, and shall be rendered not later than 45 days after the hearing. The affected person shall be notified of the decision in writing. In addition to all assessments and enforcement methods allowed for in the Declaration and Rules and Regulations, a fine or penalty of up to \$25 per day may be levied for each day that a violation persists after any order or resolution is issued requiring compliance.

Section 5.3. Tribunal. The Executive Board shall serve as the tribunal for purposes of the hearings described in this article unless these Bylaws are amended to establish a separate tribunal whose members are appointed by the Executive Board or elected by the members of the Association for such purpose. Except that the Design Review Committee may exercise such power granted to it by the Declaration.

Section 5.4. Appeals. If no separate tribunal has been established, the decision of the Executive Board as expressed in any order or resolution of enforcement shall be final, unappealable, and binding upon the member or Related User. If the Bylaws are

amended to provide for a separate tribunal to conduct the hearing and render decisions on enforcement of any provisions of the Bylaws, Declaration, or Rules and Regulations, any person with a right to Notice and Hearing shall have the right to appeal from a decision of the tribunal to the Executive Board. To appeal, any such person must file a written notice of appeal with the Executive Board within 15 days after being notified of the decision. In such circumstances, the Executive Board shall conduct a hearing on the appeal within 30 days of receipt of the written appeal, giving the same notice and observing the same procedure, to the extent applicable, as required for the original hearing.

ARTICLE 6 Insurance

6.1 If the Association delegates powers of the Executive Board or officers relating to collection, deposit, transfer, or disbursement of funds of the Association to other persons or to a managing agent, the Association shall require the following: (a) that the other persons or managing agent maintain fidelity insurance coverage or a bond in an amount not less than fifty thousand dollars or such higher amount as the Executive Board may require; (b) that the other persons or managing agent maintain all funds and accounts of the Association separate from the funds and accounts of other associations managed by the other persons or managing agent and maintain all reserve accounts of each association so managed separate from operational accounts of the Association; and (c) that an annual accounting for funds of the Association and a financial statement be prepared and presented to the Association by the managing agent, a public accountant, or a certified public accountant.

ARTICLE 7 Records

Section 7.1. Records and Audits. The Association shall maintain financial records. The cost of any audit shall be included in Common Assessments unless otherwise provided in the Declaration.

Section 7.2. Examination. All records maintained by the Association or the Manger or management company shall be available for examination and copying by any Lot Owner, any holder of a mortgage in a Lot or its insurer or guarantor, or by any of their duly authorized agents or attorneys, at the expense of the person examining the records, during normal business hours and after reasonable notice.

Section 7.3. Records. The Association shall keep the following records:

(a) An account for each Lot, which shall designate the name and address of each Lot Owner, the name and address of each mortgagee who has given notice to the Association that it holds a mortgage on the Lot, the amount of each assessment against the Lot, the dates on which each assessment comes due, the amounts paid on the

account and the balance due;

(b) An account for each Lot Owner showing any other fees payable by the Lot Owner;

(c) A record of any capital expenditures in excess of \$1,000 approved by the Executive Board for the current and next two succeeding fiscal years;

(d) A record of the amount and an accurate account of the current balance of any reserves established in accordance with the Declaration for capital expenditures, replacement and emergency repairs, together with the amount of those portions of reserves designated by the Association for a specific project;

(e) The most recent regularly prepared balance sheet and income and expense statement, if any, of the Association;

(f) The current operating budget adopted by the Association;

(g) A record of any unsatisfied judgments against the Association and the existence of any pending suits in which the Association is a defendant;

(h) A record of insurance coverage provided for the benefit of Lot Owners and the Association;

(i) A record of any alterations or improvements to Lots or Association Properties that violate any provisions of the Declarations of which the Executive Board has knowledge;

(j) A record of the cost, irrespective of discounts and allowances, of the maintenance of the Association Properties;

(k) Balance sheets and other records required by local corporate law;

(l) Tax returns for state and federal income taxation;

(m) Minutes of proceedings of incorporators, Lot Owners, members of the Executive Board, committees, and waivers of notice; and

(n) A copy of the most current versions of the Declaration, Bylaws, Rules and Regulations of the Executive Board, along with their exhibits and schedules;

(o) Contracts and other legal documents involving the Association or the Community;

(p) Such other records as the Association may determine are useful to fulfill its powers and purposes.

ARTICLE 8
Miscellaneous

Section 8.1. Notices. All notices to the Association or the Executive Board shall be delivered to the office of the managing agent, or if there is none, to the office of the Association, or to such other address as the Executive Board may designate by written notice to all Lot Owners and to all holders of mortgages on the Lots that have notified the Association that they hold a mortgage interest in a Lot. Except as otherwise provided, all notices to any Lot Owner shall be sent to the Lot Owner's address as it appears in the records of the Association. All notices to holders of mortgages on the Lots shall be sent, except where a different manner of notice is specified elsewhere in the Declaration or these Bylaws, by registered or certified mail to their respective addresses, as designated by them in writing to the Association. All notices shall be deemed to have been given when mailed, except notices of changes of address, which shall be deemed to have been given when received.

Section 8.2. Fiscal Year. The Executive Board shall establish the fiscal year of the Association.

Section 8.3. Waiver. No restriction, condition, obligation or provisions contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 8.4. Office. The principal office of the Association shall be within the Community or at such other place as the Executive Board may from time to time designate.

Section 8.5. Conflicts. In the event of a conflict between the provisions of these Bylaws and the Articles of Incorporation or the Declaration, the provisions of the Articles shall supersede and control over the Bylaws, and the provisions of the Declaration shall supersede and control over the Articles and Bylaws.

ARTICLE 9
Amendments to Bylaws

Section 9.1. The Bylaws may be amended only by vote of at least two-thirds of the Lot Owners.

Section 9.2. No amendment to the Bylaws of this Association shall be adopted that would affect or impair the validity or priority of any mortgage covering any Lot or that would change the provisions of the Bylaws with respect to institutional mortgagees of record.

CERTIFICATION

The foregoing is certified to be the Bylaws adopted by the Executive Board of
Ventana Homeowners Association of Pueblo, Inc. on February 10, 2007

H. Sall
Secretary